

We must pass this amendment to make room in this budget for a prescription drug benefit in the Medicare program. That is why I support this amendment.

Let describe a couple of other different priorities, if I might.

Mr. President, 100 years from now everyone in this Chamber will be dead. It is an ominous thought, but it is true. The only historical reference about who we were and what we did here will be to look at this budget and see what we did that was considered valuable: What were our priorities? What did we think was important for this country?

This budget represents the framework by which future generations can judge us. Every time in this country we have tried to do something new, there have been those who have said no. They opposed everything for the first time. It didn't matter what it was—Social Security, Medicare, minimum wage—you name it; they opposed it.

This budget resolution establishes our priorities.

Let me describe a few priorities.

First, a tax cut. Yes, let's so do that, and let's make it fair. Is it fair that the top 1 percent of the taxpayers pay about 21 percent of all income taxes and payroll taxes but would get 43 percent of the tax cut? Absolutely not. Let's do a tax cut. Let's make it fair.

Second, let's pay down the Federal debt. I want to ask the chairman of the committee and others why the public debt is increasing on page 6 of this budget resolution over 10 years.

Third, what about other priorities? I mentioned schools. Does anybody think our future doesn't depend on improving our schools? Of course it does. Should we and could we improve our schools? Of course. But we must have the resources to do that as well.

In addition to improving our schools, we know we need to pass an amendment such as this to provide a prescription drug benefit in the Medicare program.

We need to have room in this budget resolution to help family farmers given these price valuations. If this country believes that we are a better country because of families living on and operating America's farms all across this country, then when family farmers face collapsing commodity prices, they have a right to expect that we will help them during tough times.

There are so many other priorities to which we must pay some attention, such as the issue of agricultural research. I come from a State with a significant livestock industry. And we face the scourge of foot and mouth disease—some call it hoof and mouth disease—and the prospect of mad cow disease, the prospect of a disease that could devastate our livestock industry. This ought to persuade all of us to address more quickly this issue of increases in basic research in agricultural areas and research in dealing with a safe food supply.

All of these areas require our attention.

Let me say again that if we are going to have a tax cut in this year, we will. I hope, agree between Republicans and Democrats to a thoughtful and fair tax cut that says to the American people: Yes, this is your money. Yes, we want to give it back, and we want to do that in a fair way.

But I think the American people want us to invest in the future of this country as well, even as we provide tax cuts for the benefit of our children and pay down the Federal debt. If you run up a Federal debt during tough times, it seems to me that during better economic times you ought to be able to pay it down. This country has not had a period that has been any better in general for the American economy than the last 7 or 8 years. We ought not end this period with substantial increases in Federal indebtedness.

We have a lot of priorities. My hope is when we look back at the work of this Budget Committee and decisions by this Congress, we will have said: Yes, this Congress reflected the right priorities for this country; yes, we made the right investments; yes, we voted for a tax cut that was a fair tax cut; and, yes, we decided to commit ourselves not just to talk about paying down the Federal debt but to really paying down the Federal debt even as we have experienced the surpluses that come from better economic times.

I believe the hour of 12:30 has arisen. I yield my time.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I ask unanimous consent that I be permitted to speak for 2 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I do not come to the floor to try to answer all the various arguments made. I would just like to say to the American taxpayers: It ought to be interesting to you, Mr. and Mrs. America who are paying taxes, because, in fact, what is happening here is, instead of the opportunity to give the taxpayers back some of this \$5.6 trillion surplus—a number we cannot hardly understand—instead of putting that right up at the top of the priority list, we are speaking about priorities. But isn't it interesting, every single priority is to spend more of the taxpayers' money. All the priorities that are being stated here are spending a part of this surplus to spend on something for Americans.

The whole difference is that we suggest you put the taxpayer at the top of that list, not at the bottom of the list—at the top of the list—and that instead of using their money for new programs and add-ons, whatever it is, that we ought to consider them first. Included in that is the President's tax plan which is good for the economy.

I yield the floor.

Mr. CONRAD addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. I ask unanimous consent for 1 minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CONRAD. Mr. President, I say to my colleague, who not only do I respect but for whom I have genuine affection, when he says this is just a question of spending versus tax cut, he knows better. Those are not the choices. They really are not. The choices are tax cuts, spending, and addressing debt.

The real difference between our two plans—the biggest difference—is they have twice as much for tax cuts and we have twice as much for debt reduction. That is the real difference. Yes, we also have some additional spending for prescription drugs, education, agriculture, and a prescription drug benefit because we think those are the priorities of the American people.

But let there be no doubt, the fundamental difference between us is we are for more debt reduction; they are for more of a tax cut. That is where it lies.

I yield the floor.

RECESS

The PRESIDING OFFICER. Under the previous order, the hour of 12:30 having arrived, the Senate will stand in recess until the hour of 2:15 p.m.

Thereupon, at 12:32 p.m., the Senate recessed until 2:15 p.m., and reassembled when called to order by the Presiding Officer (Mr. INHOFE).

The PRESIDING OFFICER. The Senator from Maryland.

CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR FISCAL YEARS 2001–2011—Continued

Ms. MIKULSKI. Mr. President, I yield myself 10 minutes off the resolution.

The PRESIDING OFFICER. The Senator is recognized.

AMENDMENT NO. 172

Ms. MIKULSKI. Mr. President, I rise in strong support of the Baucus-Graham amendment. This amendment reserves \$311 billion for a Medicare prescription drug benefit that will be reliable for seniors, affordable for the taxpayers, and will be undeniable when it comes to being able to buy a prescription drug. It will put us on a road to a benefit that meets patient needs, can be sustained by our U.S. Government, and yet is affordable with seniors.

Honor your father and mother is not only a good commandment by which to live, but it is a very good policy by which to govern. We believe we ought to put it in the Federal law books. We should honor our fathers and our mothers by adopting the Baucus-Graham amendment to create a prescription drug benefit that does mean something for America's seniors.

Regrettably, the Bush plan is rather spartan and skimpy. It includes only \$153 billion for a prescription drug benefit. That seems to be a lot of money,

and it is, but when one estimates what it would take to provide a real prescription drug benefit, the cost is much more. That comes from reliable experts in the field.

First of all, I am concerned about how the President's plan would work. It would provide block grants to States to develop programs, but these programs would only be for the very low-income seniors, despite the fact that half of the seniors who need help are in the middle-income bracket.

What do I mean by low income? I mean \$11,000 a year or less. If you are a senior and you have an income of \$11,000 or less, you might be eligible for President Bush's plan. However, as we have all gone throughout our communities, what is one of the issues we hear the most? We need a prescription drug benefit, say the seniors.

The "sandwich" generation is caught in the middle of providing tuition for their children's education and looking out for their moms and dads. They are saving for their own retirement, helping mom and dad pay for their prescription drugs, and trying to afford the rising costs of college tuition for their children.

The middle class is, once again, caught in the vice. If you are in the middle class, you cannot afford it. If you are very wealthy, you can buy your own prescription drugs. Under the Bush plan, if you are very poor, your Government will help you.

I want to be on the side of all senior citizens, and that is why we are for the Baucus-Graham approach.

Under the Bush plan, coverage will vary—where you live; what kind of plan your State set up. If my colleagues think we have had problems with the Patients' Bill of Rights, wait until we get into the Bush plan on prescription drugs. This means that a senior in Maryland might have generous coverage, but if that senior visits a sister in Virginia, just over the Potomac bridge, they might not have as good of a benefit.

We cannot have a prescription drug benefit for seniors based on the zip code of where they live. We are "one nation under God, indivisible . . ." How about having one Medicare prescription drug program that is also indivisible. President Bush is choosing a lavish tax cut over creating a real Medicare prescription drug benefit.

Let me give you a hypothetical constituent: A 75-year-old widow, on an income of \$20,000 a year, has a stroke. Her prescription drugs will cost about \$4,200 a year. That comes out to \$350 a month. The Democratic drug benefit would save her her about \$150 a month or \$1,700 a year. Remember, under Graham-Baucus, the Democratic plan would save her \$1,700. That is almost a \$1,600 difference from what she would get in the Bush tax cut. That is what she could get in a Bush tax cut. Remember, at \$20,000 a year, with a tax break based on income, she would get \$141 a year. I think if you would ask

the American people what they want, they would want a prescription drug benefit that would help pay the bills as well as keep the money in the senior's pocketbook.

Another example. An elderly couple with an income of \$30,000 a year. Their combined drug costs, say, are \$6,000 a year. Their daughter is helping pay drug bills, taking money from the kids' college fund. Under the Democratic plan we could save them \$2,000 a year. The Bush tax cut would save them practically nothing.

These examples show that the Democrats have their priorities in order. First, we must make good on the promises we have made to our seniors. Second, we must make sure we balance the books not only today but into tomorrow. The Democratic alternative is making a down payment on that balloon payment that is coming due on Social Security and Medicare. The constituents who have written and called me to ask why they or their parents cannot get the medicines they need do not want to hear about a lavish tax cut. They want to hear about Medicare, about a Medicare prescription drug benefit that will be reliable, affordable, and undeniable.

America is the nation that invented most of the miracle drugs. This was done through the brilliance of American science and really public investments. They came through the Tax Code, the way we work with NIH. No one should have to choose between life-saving medication or putting food on the table. No one should have to cut their pills in half to make them last longer. No one should have to spend half of their pension on drugs. That is why we need to pass Baucus-Graham, because we have really a compelling need. Anywhere I go in Silver Spring, MD the senior citizens would rather have a prescription drug benefit that will save \$1,700 a year and, more importantly, save a life than a \$141-a-year tax credit.

I hope we can get our priorities in order, our books balanced, help get some money into the pocketbooks of our citizens, but let's also make sure we meet the compelling needs of our constituents.

Mr. President, I yield the floor.

Mr. CONRAD. Mr. President, I ask that we go into a quorum call and the time be charged equally.

Mr. REID. Will the Senator yield for a question before we go into a quorum call.

Mr. CONRAD. I am happy to yield.

Mr. REID. I say to my friend who is manager of this legislation, are we arriving at a point shortly where we will be able to vote on this amendment?

Mr. CONRAD. We certainly are on this side. We have used virtually all time off the amendment, and we would be prepared to go to a vote very quickly. I put a call into two offices of Senators who are vitally interested in the prescription drug amendment, and I have asked them to come to the floor

immediately. So we are awaiting their appearance, and then we would prepare to go to a vote.

Mr. REID. Will the Senator allow me to ask another question. I think it would be good for the Senate, good for the country, if we voted on as many of these amendments as possible, so that the people of the country know how we stand on these issues. It is my understanding that the Senator has a number of issues he wants to bring up in an effort to amend this vehicle we have before us.

Would the Senator indicate, first of all, if he agrees we should have a vote, and then will the Senator tell us some of the things he hopes we can vote on in the next few days?

Mr. CONRAD. I agree with the Senator from Nevada. I think it would be very useful for us to use our time in a way that is disciplined so that we have a debate and a discussion and that we are able to have votes on a series of amendments after a reasonable debate. As the Senator knows, under the rules, if we have not debated the amendments until the time runs out, we will still vote. We will do it without time for debate. So it is critically important that we be disciplined.

We believe we ought to have amendments on education, on strengthening national defense, on additional paydown of debt, and, of course, we will be having an important amendment on the question of whether or not reconciliation will be used in this process.

So those are just a few of the amendments that will be considered before we are done. It is very important that there be time for debate and discussion so that Members can be informed before they cast their votes.

Mr. REID. If the Senator will yield for one additional question, I think the people in North Dakota believe the same way as the people in the State of Nevada. They believe there should be a reasonable tax cut, but the number-one priority of the people in Nevada is to do something about the extraordinary debt that has piled up. Will the Senator from North Dakota agree that his constituents believe the same as mine?

Mr. CONRAD. I think people in North Dakota have a great deal of common sense. They know that we have piled up an extraordinary Federal debt. As we visit here today, we have a \$5.6 trillion gross Federal debt. Under the President's plan, that will increase to over \$7 trillion. So I think we have an obligation to the taxpayers of this country, to the fiscal future of our families, to do everything we can to put pressure on this debt, to keep it from continuing to grow. And that is really the focus of the Democrat alternative.

Mr. REID. If the Senator will yield for one more question, is the Senator going to have an amendment offered by someone on this side of the aisle to have a discussion as to whether or not we should pay down the debt more or that all the money should go to tax cuts?

Mr. CONRAD. We will have, in fact, a series of amendments on the question of what the priorities really are for the country. We believe we should have a significant tax cut, but we do not believe we can afford one of the President's size without threatening to said us back into deficit and without threatening to raid the trust funds of Social Security and Medicare. For that reason, we will be proposing a series of amendments to further pay down this national debt.

I notice that one of the Senators is here who has been very active on the question of the prescription drug benefit and somebody who has really been a leader on the Senate Budget Committee in trying to get a prescription drug benefit under the Medicare program, one that would really have the resources to provide a meaningful prescription drug benefit. That would be the Senator from Oregon.

I yield the floor.

The PRESIDING OFFICER. Who yields time to the Senator?

Mr. CONRAD. I yield 5 minutes off the resolution.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. WYDEN. I thank the Chair.

First, I thank the Senator from North Dakota. If there is one change that the Democratic Party has tried to transmit over the last decade, it has been the question of emphasizing fiscal responsibility. I want to make it clear to the Senator from North Dakota how appreciative I am that he has pounded away again and again in the committee and on this floor how important it is to reduce the national debt.

In my view, that is the single most important message the Democrats have tried to communicate over the last decade. I am so pleased he has emphasized it again today.

I will speak briefly on this question of prescription drugs because in the last year I have come to the floor of this Senate more than 25 times to talk about the need for a bipartisan initiative in this area. The fact is, the Baucus amendment, the amendment on prescription drugs, will allow Members to bring together legislators of both political parties to come up with a sensible prescription drug benefit that will contain the spiraling costs that our seniors face.

It would be built around the proposition that there would be defined benefits that senior citizens in every community would be entitled to. It would be a benefit that would be part of the Medicare program. Finally, it would be a benefit that allows containment of costs by offering senior citizens choices and alternatives in the marketplace.

What pleases me about both the Baucus amendment and the alternative that the ranking member, Senator CONRAD, has put before this body, is that it goes right to the heart of the question; that is, ensuring that we have resources to do the job right. The fact is, America can't afford not to do

this job right. I hear from physicians in my home State, for example, that they have actually put senior citizens in the hospital in order to get prescription drug coverage because those older people could not afford their medicine on an outpatient basis.

Colleagues, think about the insanity of such a system that can rack up \$40,000 or \$50,000 worth of costs for medicines in a hospital rather than spending perhaps \$500 or \$600 on an outpatient prescription drug benefit so a senior citizen can, for example, have a leg ulcer treated on an outpatient basis.

Under the Baucus amendment, it will be possible to have those resources, to bring together Democrats and Republicans in this body, and get the job done right. We all understand the extraordinary revolution we have seen in the medicine field over the last few decades. Everybody acknowledges if we were to design Medicare today, not a Republican nor a Democrat would advocate leaving out a prescription drug benefit. It is going to take the resources to do the job right. It seems to me the Baucus-Graham amendment makes those resources available. By the way, it is an approach that would be consistent with what we did in the Senate Budget Committee last year on a bipartisan basis—Senator SNOWE, Senator SMITH, and I—and is consistent with a variety of other approaches.

I hope my colleagues will recognize what we are trying to focus on today is, first, the single most important message of Democrats in the last decade, which is we have to have fiscal responsibility. That is why we emphasize today the question of paying down the debt. Second, we do want this country to make a handful of well-targeted investments in our future. In my view, one of those key areas would be prescription drug coverage. When it comes to paying for this benefit, this country can't afford not to do prescription drug coverage right.

I yield the floor.

Mr. CONRAD. Mr. President, I suggest the absence of a quorum, and I ask that the time be charged equally to the resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CONRAD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CONRAD. Mr. President, I will comment for a moment on the role of the Senator from Oregon in the Senate Budget Committee. He has been among the most innovative Members in trying to find ways to extend a prescription drug benefit and to do it with bipartisan support. In the Senate Budget Committee last year, he worked with one of our colleagues on the other side of the aisle, the Senator from Maine,

Ms. SNOWE. They offered the amendment that opened the door to a prescription drug benefit last year. It is that model that again is being pursued this year in an attempt to reach across the aisle to find bipartisan consensus on a prescription drug benefit that would be meaningful for the American people.

I wanted to take a moment while he was here to thank the Senator. He has spent countless hours working to come up with prescription drug proposals that would have bipartisan support. I thank and commend him publicly.

Mr. WYDEN. If the Senator will yield briefly, I thank him for that.

What the Baucus amendment does is allow Members to put together that bipartisan effort that would encourage an approach that is within Medicare, with defined benefits, based on real marketplace choices, so there would be cost containment. I thank Senator CONRAD and Senator BAUCUS for emphasizing the two key messages of this party.

First, our message of the last decade, which is that fiscal responsibility is paramount. One does that with the focus on debt reduction. Second, that we can have a handful of well-targeted investments in our country's future. That is what the Baucus amendment does. I am very pleased to be associated with both Senators' efforts.

Mr. CONRAD. I thank the Senator from Oregon for his contribution on the committee.

To give the Senator from Montana a little backdrop, the Senator from Montana reserved 5 minutes off the amendment. That time is still available. It is up to the Senator from Montana whether he wishes to use that time or I am happy to give him time off the resolution. We don't have a Member on the other side of the aisle present, but hopefully there are people watching and listening. We are prepared to go to a vote on the prescription drug amendment. We hope the manager on the other side of the aisle appears in short order and tells us what the plan is on their side. We are prepared to go to a vote in very short order.

I yield 5 minutes off the resolution to the Senator from Montana.

Mr. BAUCUS. Mr. President, I don't want to overdramatize this point, but I think it is accurate. If this amendment doesn't pass, an extremely modest amendment—and I mean extremely—there is a very good chance, more than a 50-percent probability, that this Congress will not pass a prescription drug benefit bill this year.

Why do I say that? I say that because the amount in the resolution is so small that seniors won't use it. Why do I say that? I say that roughly the \$153 billion in the budget resolution under earlier estimates would require a deductible of about \$2,000. How many seniors are going to want to participate in a prescription drug program with a deductible of \$2,000? This is voluntary. This is not a mandatory program under

this amendment. It is all voluntary. Contrast that with catastrophic, years ago, which was mandatory; this is voluntary. Seniors will not use it. It is not worth it.

We will be making a false promise if we attempt to pass something such as that. We won't pass it because too many seniors will already have exposed it for what it is.

Instead, we are suggesting, by our amendment, take a very small sliver out of the \$1.6, \$2.6 trillion tax bill, however you want to categorize it. We know for sure it is a lot more than \$1.6 trillion by definition. Frankly, \$2.6 trillion is conservative. Take out a small sliver—\$158 billion, that is all—and add it on to the \$153 billion that is contained in the budget resolution. That adds up to \$311 billion over 10 years for prescription drugs. That will be the beginning for a modest drug prescription benefit provision for seniors who now do not have prescription drug coverage because of where they live in the country because they are poor or because no plan offers it.

Do not forget, health benefit plans today providing prescription drug coverage to seniors are every year dropping more and more people from their plans. Medicare+Choice last year dropped 900,000 seniors. The year before, 400,000. Why? Because costs are going up. So they are dropping people out, which forces them back to nothing or any Medicare we may have.

I suggest taking a small sliver—it is small compared to the huge tax cut the President is proposing as contained in this budget resolution—and giving it to the literally millions of seniors who do not have any prescription drug coverage, with the cost of drugs rising as fast as they are and utilization rising as fast as it is. Who is going to be hurt if we cut down one-sixth, two-sixths? It will probably come out of the most wealthy, maybe a sliver out of the estate tax, maybe a sliver out of the top rate. Who knows?

Certainly, according to America's values, our country's priorities, who we think we are as Americans, this only makes sense. There are seniors who are so wonderful—our mothers, our fathers, our grandmothers, our grandfathers, many of whom gave so much to this country through the Depression. Why in the world can't we at least say to them, we will take a sliver out of this tax cut and give it to you, a senior citizen who today has no prescription drug coverage? Because that is what is right.

Let me just say this as a reminder. Senior citizens in America who are not now covered under a prescription drug benefit plan, some company or whatnot, pay the highest prescription drug costs in the industrialized world. That is a fact. That is about 35 percent of American seniors. Up to 50 percent are just inadequately covered or intermittently covered. But 35 percent of American seniors, at least, pay more for prescription drug benefits today than do

seniors in any other country in the industrialized world. Where is the United States of America? Where are we? Who do we think we are? We brag about ourselves and our values. Let's step up to the plate. It is a very modest amendment. I urge its adoption.

Mr. CONRAD. I yield 5 minutes off the resolution to the Senator from West Virginia.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. Mr. President, I thank the Senator from North Dakota.

As the able Senator from Montana has indicated, we desperately need a prescription drug benefit. The question is, What form is it going to take? Are we going to fund it fully enough so it really has any meaning?

If we go with a prescription drug benefit of about \$153 billion, the fact is we are going to end up with deductibles that could be anywhere between \$2,000 and \$15,000 for people who are sick.

You cannot do that. If you are going to do a prescription drug benefit, you have to do it properly, fund it adequately, so all people are able to take advantage of it.

That is done in the Baucus amendment because he, the Senator from Montana, puts it at \$311 billion over a period of 10 years. It does the job. It means you are not going to have people paying so much out-of-pocket expense that they simply cannot afford to go down and get prescription drugs at all.

I would say, in the panoply of things that are needed by Americans, a prescription drug benefit, the prospect thereof, the psychological benefit thereof, the medical benefit thereof, is virtually at the top of the list.

We very recently passed something called a Coal Miners' Health Benefit Fund Program. It was approved by OMB, which never does that kind of thing, because they believe that a prescription drug benefit used on people of average age 80 years will in fact save money for Medicare, keep people out of hospitals, and keep people from having to use other parts of Medicare, thus saving money overall for Medicare. We are never going to find out what we can do with prescription drugs, how much cost we can either save or not, until we do something and do it fully. The Baucus amendment does that, and I hope it is successful.

I yield the floor.

Mr. CONRAD. Mr. President, I yield myself 2 minutes off the resolution.

I thank the Senator from West Virginia for his comments on the prescription drug benefit. There is perhaps no senior member of the Senate Finance Committee who is more knowledgeable about health care issues than the Senator from West Virginia. The Senator from West Virginia has led the fight to expand health care coverage, including a prescription drug benefit, on the Senate Finance Committee. We very much appreciate his leadership.

With that, Mr. President, I yield the floor. I suggest the absence of a

quorum, and I ask we charge the time equally on the resolution.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The clerk will call the roll.

The senior assistant bill clerk proceeded to call the roll.

Mr. REID. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REID. Mr. President, I would like to ask the Senator from North Dakota to yield me some time.

Mr. CONRAD. I am happy to yield 10 minutes to the Senator from Nevada.

Mr. REID. I appreciate that very much.

I am very concerned. We talked very briefly a little while ago about this. We keep talking about a tax cut. People in Nevada realize, if we pay down this huge debt in any way, it will be a tax cut for everybody. It will be a tax cut for everyone because we know if this burden is taken away from the American people, they will pay less for their car and their boat—if they are fortunate enough to have one—certainly their house, and the debt they have on their credit cards every month.

Does the Senator agree, one of the biggest tax cuts we could give the American people is to pay down the debt?

Mr. CONRAD. I think, if we have learned nothing else from the 1980s, the one thing we should have learned is that the best strategy is one that puts our fiscal house in order and keeps it there. It is eliminating deficits and beginning the process of paying down debt that has helped us trigger the longest economic expansion in our Nation's history.

When I look at the proposal on the other side, I see they talk about paying down the maximum amount of publicly held debt. But if you look on page 5 of their proposal, the amendment that was offered here by the chairman of the Senate Budget Committee, the public debt, which is currently listed at \$5.6 trillion, rises under that proposal to \$6.7 trillion. That is under the headline of public debt.

They have talked a lot about reducing the publicly held debt, but here is the chart. Here is what has happened to the gross Federal debt from 1980 where, you can see, it was \$909 billion. In 1999 it has gone up to \$5.6 trillion. Under their proposal on page 5, they would take this debt up to \$6.7 trillion. That is the proposal they have before this body.

Mr. REID. Mr. President, will the Senator yield? I think I have the floor. I would like to develop this colloquy a little bit.

What I heard the Senator say, as I have said on the floor before—I believe there is no one in Congress who knows numbers better than the Senator from North Dakota on the Budget Committee—is if we pass the budget that is

now before this body as it is written, the public debt will go up and not down. Is he saying that?

Mr. CONRAD. I am saying what this document says. This is not my calculation. This is their calculation. This is their document. This is their amendment.

Mr. REID. Will the Senator repeat how much it goes up?

Mr. CONRAD. It goes from \$5.6 trillion today—that is where this chart leaves off. And under their proposal the public debt goes up every year until it reaches \$6.7 trillion.

Mr. REID. My friend has talked a lot the last month about an idea that I hope is going to be in the form of an amendment to this budget. As I understand what the Senator from North Dakota has been advocating, if, in fact, we have a surplus—and thank goodness we do have a surplus—one-third of that should be applied toward reducing the debt, one-third should be used to give the American people a much deserved tax cut, and one-third should be left so that we can do something about the huge class sizes—reduce class size, build some new schools, fund IDEA, the program for the physically and emotionally disadvantaged children.

Hasn't the Senator talked about the need to have one-third for tax reduction, one-third for deficit reduction, and one-third to make sure we can fund some of the programs that even President Bush says we need? Is the Senator going to do that in the form of an amendment to this package?

Mr. CONRAD. Yes, we will. I think part of the confusion comes from the language that we use. Our friends on the other side of the aisle are talking about reducing the publicly held debt. That is not the full debt of our country. The gross Federal debt is the full debt.

They talk about having the maximum amount of reduction in the publicly held debt. At the very time they are doing that, we are seeing the gross Federal debt of the country continuing to climb.

Their budget does not do anything about this long-term debt expansion.

That is the difference between us. We not only are dedicating more of the projected surplus to paying down the publicly held debt, which is really the short-term debt—that is the debt that is outstanding in the public—but we are also offering for the first time that anybody has had a budget proposal before this Congress to do something about this gross debt, this long-term debt, this debt that is building in Social Security and Medicare. It is a liability out there that is growing geometrically.

This has already happened to the gross debt of the United States. It has skyrocketed and it will continue to grow under the proposal that our friends on the other side of the aisle have made. Their own budget document says they are going to take the gross debt of the United States, which

is \$5.6 trillion today, and increase it to \$6.7 trillion all the while they talk about a massive tax cut. It really makes you wonder if there is not confusion about language here.

Mr. REID. When we talk about saving one-third of the surplus for programs, one of those programs is something that President Bush talked about wanting. And that is now the subject matter of the first amendment before this body; is it not? That is a prescription drug benefit for Medicare.

My first elective job was as a member of a hospital board—at that time the largest hospital in Nevada, Southern Nevada Hospital. It was in 1965 that Medicare came into being. Medicare is a wonderful program. It has been proven to be a great program even since then—imperfect but it is a good program. But in 1965, when Medicare came into being, there was no need for prescription drug benefits because there were not a lot of prescriptions that met the needs of the senior population at that time. It has only been in the last 35 years that prescription drugs have come out that now keep people alive. They can make people more comfortable, and they heal people.

How can we as the only superpower left in the world have a program for senior citizens to take care of their medical problems and we don't have prescription drug benefits? It is my understanding that in the Senator's amendment, one-third is going to be reserved for programs. Part of that money will be used for a prescription drug benefits for seniors. Is that not right? And in the program that the Republicans have offered, there is no money in their prescription drug benefit.

Is that fair?

Mr. CONRAD. As we have said, this program provides half as much for prescription drugs. The budget proposal that they have made provides \$153 billion. But everybody acknowledges that is not sufficient and that there is simply not enough money there to provide a meaningful prescription drug benefit.

They are engaged in a little bit of what I would call fiscal sleight of hand.

If you look at our proposal, we take this projected surplus, and we are quick to acknowledge that this is a 10-year projection. It is highly unlikely to ever come true.

We believe the prudent thing to do is to be cautious in light of the basis of all we are doing being a 10-year forecast. We save all of the money for the Social Security trust fund, all of the money for the Medicare trust fund, and with what is left we talk about one-third for a tax cut, one-third for these high-priority domestic needs, including prescription drugs and infrastructure and education.

Anyone who has flown or driven on a highway knows that we need additional funds for infrastructure in America. And education is the highest priority of the American people for additional resources.

We also believe we need to strengthen our national defense and then provide additional resources especially for health care and disasters. Because we know we are going to have a certain number of disasters every year, we believe we ought to provide funding for it.

Finally, the last one-third would be for long-term debt and to strengthen Social Security and provide a strategic reserve in case these forecasts are wrong; then, of course, the interest costs associated with all three of those.

We believe we have a cautious, conservative program—one that dedicates the vast majority of the money for debt reduction.

Here is why: The Social Security trust fund money is not needed for Social Security at the moment. That goes to pay down the publicly held debt. The President uses \$2 trillion of that money for the same purpose—to pay down the publicly held debt.

We also reserve all the Medicare trust fund money. That will go for paying down the publicly held debt. We have \$2.9 trillion reserved for debt paydown.

In addition to that, we have another \$750 billion for our long-term debt. This is where our friends on the other side don't have a nickel for this purpose. They don't have any money to deal with the long-term debt.

In our proposal, of the \$36.5 trillion forecasted surplus, we are reserving \$3.65 trillion for the paydown of short-term and long-term debt. That is in comparison to the President's plan that only has \$2 trillion. We have nearly twice as much to pay down long-term debt and short-term debt.

Mr. REID. Will the Senator yield 5 more minutes?

Mr. CONRAD. If you do not mind, we should ask the Senator from Minnesota who is next on our list.

Mr. REID. If I could just ask one more question.

Mr. CONRAD. I yield an additional minute to the Senator.

Mr. REID. Will the Senator indicate why he put his \$2.7 trillion across from non-Social Security and non-Medicare? Why is that in red?

Mr. CONRAD. That is in red because we believe it would be profoundly wrong to use any of the Social Security trust fund money or any of the Medicare trust fund money for other purposes. That has been done in the past. We have just stopped doing it in the last 3 years. We believe we shouldn't go back to the bad old days of raiding the trust funds and using the money for other purposes. We have reserved all of the Social Security money and all of the Medicare trust fund money for the purposes intended.

I thank the Senator from Nevada for his questions. I ask the Senator from Minnesota how much time he would like.

Mr. WELLSTONE. I say to my colleague, I am actually speaking on the amendment. I can do this in under 5 minutes.

Mr. CONRAD. I yield the Senator from Minnesota 5 minutes off the resolution itself.

The PRESIDING OFFICER (Mr. BOND). The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, later on I will have a chance to come out here, with my colleague, Senator HARKIN, with an amendment that deals with funding for education and children. That is the heart and soul to me. I guess if there is any one issue that I am more emotionally connected to than any other, it would be anything and everything that deals with children and education.

But I have listened carefully to this debate. I want to say this: We have all the numbers. The Republicans have \$153 billion. I think we have \$311 billion or thereabouts. I want to get away from the numbers and just simply say this about this debate. For a good period of time that I have been a Senator, we were running deficits. The goal was deficit reduction. Then I had hoped that when the economy began to do better, and we began to see surpluses—I hope we will continue to do so; who knows what will happen over the next few years—but I had this hope that now, with an economy that was doing better, and with some surpluses, that finally—finally—as a Senator from Minnesota, I would be able to do really well for people. It would not just be stopping the worst, it would be doing the better.

I mentioned children and education, but I want to mention elderly people and prescription drug coverage. I can tell you, in the State of Minnesota, 65 percent of the elderly people, senior citizens, have no prescription drug coverage whatsoever. They have no coverage at all. I can also tell you all of the stories about people who cut the pills in half—and you have heard them all—or the stories about people during the cold winter where it is either they are going to be able to afford a prescription drug or have heat because if they get their prescription drug, they can't afford their heating bill and they go cold.

I want to do this a different way. I want to say to my colleagues on the other side of the aisle, I had two parents with Parkinson's disease—two parents. That is rare. Both of them took the drug selegiline. It is not an inexpensive proposition. When I think about my own parents, and my mother Mencha Daneshevsky, who was a cafeteria worker, she didn't make much money. My parents did not make much money. I think they made something over \$20,000 a year. I don't know what their income was; they didn't really tell me. But believe me, it was a moderate income.

What we have out here is a choice. Either you are in favor of Robin-Hood-in-reverse tax cuts, with maybe 40-plus percent of the benefits going to the top 1 percent, or you are in favor of making an investment above and beyond reducing the debt and protecting Social

Security and Medicare that everybody is talking about on our side of the aisle—and I say good—and you are also for making some investments in people, you are for making sure that senior citizens—our parents and our grandparents, who built this country on their backs—are able to afford prescription drugs.

The benefit offered by the other side would not have helped my parents much, and it does not help most of the people in Minnesota who are senior citizens. I do not know why we can't do this.

Any day of the year, I am comfortable saying to people in Minnesota I did not go for the \$2.5 trillion in tax cuts. I wanted to go for some tax cuts. I wanted to go for tax cuts that would be a stimulus. I wanted to go for tax cuts that would be in the main help working families, but I did not go for the \$2.5 trillion. Too much of it was Robin Hood in reverse.

Most important of all, I did not go for it because I felt if we had a surplus, we could live up to our commitment to making sure that we could afford prescription drugs. I don't know why we can't do that. I don't know why we can't get real. And I don't know why we can't spend the amount of money that we need to spend to make sure that people in our States—elderly people, senior citizens—can afford prescription drugs. I just don't understand that.

So we will have a vote. I think the vote is on a basic value question. It is a matter of priorities. I want to come out on the floor and indicate my strong support for this amendment.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. I thank the Senator from Minnesota. I appreciate his contribution to the debate.

Let me just say to colleagues, very soon we will be going off this amendment. The other side has announced their intention to provide an amendment in the second degree to our amendment. I wish they would not do that. I wish they would permit a straight consideration of our amendment by the body. But they have announced their intention to amend our proposal in the second degree, and then we will have a debate on the amendment that they offer. That is being drafted.

So if there are colleagues who are listening, if they would like to come to the floor to give their opening remarks on the budget resolution, this would be a good time to do that. We have called a number of offices for those who are in line in terms of the informal queue we have here to speak on the resolution. But if you would notify your Members, those who are in the queue, to come, this would be a good time to speak.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Parliamentary inquiry, please.

The PRESIDING OFFICER. Please state the parliamentary inquiry.

Mr. DOMENICI. What is the status in terms of time on the amendment from the other side, the Democrat amendment?

The PRESIDING OFFICER. There is 30 minutes remaining on the Baucus amendment for the Senator from New Mexico and 7 minutes for the Senator from Montana.

Mr. DOMENICI. OK. Mr. President, I yield myself 10 minutes. I say to my good friend, the ranking member, and Senator REID, we clearly do not intend to take a long time before we are ready to vote on this amendment except we will offer a second-degree amendment. It is just being written up. And it is moving a lot of numbers around, which is not easy, as you all know. But that is being done as expeditiously as possible.

Let me suggest that in the basic budget that we bring to the floor, we have a number in it that is proposed to be used for prescription drugs, along with reform of Medicare; that number is \$156 billion.

I understand what the Democrats would like to do now, and everyone should just understand it is probably the beginning of a few more like this. They would take \$156 billion of what our President proposes that we consider the tax cut for the average American—and the marriage tax penalty, and a solid death reform measure, and, indeed, making sure that the American families with children get a doubling up of their child credit—that all of that might fit in this \$1.6 trillion, but we do not know what parts of it. But we are saying, let's give it a chance.

This amendment says, let's take \$156 billion of that, and let's take it out of the tax relief measure and put it into a fund for Medicare prescription drugs or into the Medicare Part A trust fund. We do not think that is necessary. We do not think you have to take anything out of the tax cut that is planned in order to make sure we have sufficient revenues, sufficient resources to take care of prescription drugs. We can do that.

As a matter of fact, we will propose an amendment that will be a second-degree amendment to that one. We will propose one that will, indeed, take care of and make sure that our senior citizens know that there is going to be ample money for them and their prescription drug program. In fact, it could be perhaps as big as the one being recommended. It is just that none of us knows. None of us knows precisely what that program is going to cost because it involves reforming Medicare, and a prescription drug program. If you listen to the voices, they are all over myriad programs in terms of what prescription drugs might look like.

So essentially, in due course, we will say, here is our proposal. And just so everyone understands, we will not use any of the President's tax relief program that is for average Americans, for

married couples, for those others who might be considered as part of the tax relief effort.

Again I remind everyone that Senators can come to the floor from either side and tell us what, indeed, this tax plan is going to look like because they choose to pick a part of the President's proposal—understand it is a proposal—or they choose a part of what somebody else is going to propose that is going to be part of this tax plan and talk as if we are doing that in this budget resolution.

I am sure that before we are finished, a few people listening who did not want to learn about budget resolutions will learn a little bit because we have to talk a little bit of budget language but not very much.

Essentially, no one knows what the tax bill is going to look like. In fact, I am sure the Presiding Officer in his home state of Missouri has talked to his people as to what he thinks it is going to look like. I am quite sure he did not say that it is exactly, in every respect, what the President has proposed because we do not know that.

What we know is that \$1.6 trillion out of a \$5.6 trillion estimated surplus can be used for tax reduction for the American people. That is what we know—\$1.6 trillion, not \$1.6 trillion minus a whole bunch of things, such as the \$156 billion we would take out of that tax reform proposal. We take it out and make it \$156 billion less.

When that Medicare prescription drug plan comes up—and we will talk about our amendment—we will talk about what it ought to be, and it will be related to something very practical on which everybody can count. Then it will say that we do not need to take it out of the tax relief package if, indeed, it costs the maximum amount we are going to allow, which I do not believe it will. We would not be taking that money from the taxpayers. They would be getting their full tax cut. We would take it out of the contingency fund in this budget.

As I understand it, when I started, there were 20 minutes remaining on the amendment—10 minutes on the Democratic side on the amendment.

The PRESIDING OFFICER. Seven.

Mr. DOMENICI. That does not mean if someone wants to talk with the time coming off the budget resolution they cannot.

I want to finish our discussion on the amendment and offer our second-degree amendment and have a vote on it. It would be a very good thing for us to explain to the American people how we are going to take care of Medicare without reducing the tax cut Americans can look forward to in various forms. The committee that writes tax laws will write that particular bill.

If my friend is willing to move ahead so we can offer the amendment, I am willing to yield back—

The PRESIDING OFFICER. The Chair advises the Senator from New Mexico, there are 7 minutes under the

control of the Senator from Montana and 23 minutes under the control of the Senator from New Mexico.

Mr. DOMENICI. I reserve the remainder of my time. I am finished for now, if the Senator from Oklahoma wants to speak.

The PRESIDING OFFICER. Who seeks recognition?

The Senator from North Dakota.

Mr. CONRAD. Mr. President, I hope our Republican friends are not going to propose that we have a magic asterisk for a prescription drug benefit. I hope they are not going to come in with a second-degree amendment that says: We are just going to have this money come out of thin air somewhere, and we are going to provide an unspecified amount of money for a prescription drug benefit and not identify precisely from where that money is coming.

On our side, we have reserved the Social Security and Medicare trust funds in total for the purposes intended. We have not permitted a raid on those funds for any other purpose.

With what is left, we provided a third for a tax cut, a third for these high-priority domestic needs, including a prescription drug benefit fully funded, fully identified, and the final third to deal with long-term debt, strengthening Social Security so that when the baby boomers retire, that promise can be kept.

What I am hearing is that the Republicans may propose to open up the Medicare trust fund to provide a Medicare prescription drug benefit. That, to me, would be classic double counting. That trust fund for Medicare is needed to keep the promises that have already been made. If they are now going to make a new set of promises and fund it out of that same trust fund, that is the kind of double counting that will get this country into financial trouble. That is exactly what happened in the 1980s that plunged this country into dramatic deficits and a vastly expanded debt.

Let's put up the chart about what happened back in the eighties. I hope we do not forget the lesson we learned then. Let's go back to 1980 when we had the proposal for massive tax cuts combined with a big buildup in national defense. We can see what it did to the debt and deficits of the United States. The debt skyrocketed in the decade of the eighties.

If now we are going to hear this same old siren song—massive tax cut—and then we are going to also have big new spending priorities that are supposed to come out of trust funds that are already committed, that is exactly the kind of fiscal folly that did such damage back then. The difference is we had time to recover in the 1980s. There is no time to recover in this decade because, at the end of this decade, the baby boomers start to retire, and then we will see the full results of fiscal missteps, of fiscal mistakes. If we have oversubscribed this projected surplus, we will pay a terrible price as a nation.

I hope very much we do not go back to the bad old days of debt, deficits, and decline. That is not the way to proceed. Instead, we ought to be cautious; we ought to be prudent; we ought to reserve the trust funds for the purposes intended and not use them for any other purposes.

Mr. President, if I can inquire as to the time remaining on the budget resolution.

The PRESIDING OFFICER. The Republican side has 21 hours 53 minutes; the Democratic side has 20 hours 5 minutes.

Mr. CONRAD. I thank the Chair.

Mr. DOMENICI. How much was there on the Republican side?

The PRESIDING OFFICER. Twenty-one hours 53 minutes.

Mr. DOMENICI. Plenty of time. I suggest the absence of a quorum and ask it be charged equally.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. NICKLES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NICKLES. Mr. President, I ask unanimous consent the time I speak be charged to the Senate resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NICKLES. Mr. President, I wish to make a couple of comments in regard to Medicare, Medicaid, and prescription drugs, and to speak in opposition to the amendment pending before the Senate now, offered by my friend and colleague from Montana, Senator BAUCUS. This amendment purports to say we will do something positive on prescription drugs. It actually takes drugs away from low-income people next year, in the year 2002 and the year 2003.

The underlying budget that Senator DOMENICI proposed in the President's budget put in significant dollars, \$11.2 billion in 2002, \$12.9 billion in 2003, and \$14.8 billion in 2004, for low-income people, to get immediate assistance to help them buy expensive drugs. It employs medicaid to help those who can't help themselves; let's get that money to them, through the States, and make it effective now.

Unfortunately, the amendment before the Senate strikes that language. It eliminates the \$40-some-odd billion of the President's Helping Hand Program and increases Medicare, raising taxes and spending, without Medicare reform.

I happen to be on the Finance Committee. I am in favor of Medicare reform. I want to improve Medicare and to provide prescription drug benefits. I think we can do that. To say we don't want to do anything for low-income people in the first 3 or 4 years, and to create a new entitlement for Medicare without reforming and saving Medicare

simultaneously, in my opinion, is a serious mistake.

This amendment, while very well intended, would do damage to the system. It would not get prescription drugs to the people who desperately need help, and need help now.

Everyone in this body knows that Medicare is a ticking time bomb. We need to save it. We need to expand benefits—including prescription drugs—but it cannot all be done simultaneously. We can do it the right way, this Congress and in a bipartisan fashion.

Elimination of the Helping Hand Program, where we give assistance to those who need it the most, would be devastating. I urge my colleagues to work together, see if we can't do both, see if we can't get assistance to the States to help those who really need it, immediately, so we can have some assistance in the year 2002.

For an example, under the President's proposal there is \$11.2 billion in the year 2002 for drug assistance for low-income people; under the Baucus amendment, there is only a \$100 million expenditure for prescription drugs.

Certainly the Domenici proposal, the President's proposal, does a lot more in the year 2002.

I compliment my colleague from New Mexico. I urge our colleagues not to support the underlying Baucus amendment and see if we cannot come up with something to provide a prescription drug benefit in Medicare, as well as reforming Medicare. I disagree with those who say we shouldn't use Medicare trust funds to do that, to help pay for prescription drugs.

Medicare is financed by a payroll tax, on all wages, at 1.45 percent. That is matched by the employer, with another 1.45 percent. If my math is correct, that is 2.9 percent on all payroll. There was an enormous tax increase for Medicare that was enacted as a result of President Clinton's tax increase in 1993. This was when they increased the base for Medicare taxation away from the Social Security base, which right now I believe is \$80,000. The Democrats put a tax on all wages, even if wages equal \$1 million or \$2 million or \$10 million. A tax of 2.9 percent on all wages to help pay for Medicare.

The reason there is a surplus in Medicare funds is because of an enormous tax increase. Basically, it is a payroll tax. It is not a Medicare tax as we know it. It is a payroll tax increase passed by the Clinton administration in 1993.

This is a new tax for anybody who makes over the Social Security base amount, which used to be 70-some-thousand dollars and is now climbing up. Why not let those people help pay for Medicare prescription drugs? I heard the argument, we can't use Medicare tax to pay for Medicare benefit. I disagree with that. I don't think that makes sense.

I urge my colleagues to use common sense, to use Medicare funds to pay for

Medicare benefits. That includes prescription drugs. Do it in context with overall Medicare reform. Increasing benefits, without fixing the system, when we know demographically we have some challenges ahead—is only doing a small part of the job. Unless we take every step necessary to reform and provide benefits we are making a mistake.

Mr. CONRAD. Will the Senator yield? Mr. NICKLES. I am happy to yield.

Mr. CONRAD. What happens, if you take a prescription drug benefit out of the Medicare trust fund, to the solvency of the Medicare trust fund?

Mr. NICKLES. Mr. President, I think my colleague raises an interesting point. What my colleagues have tried to do on the Democrat side is to institute a new Medicare benefit without financing it by Medicare. In other words, use general revenues to finance anything.

I think if it is Medicare, it ought to be financed under the Medicare system. Maybe that is old fashioned. But if we are going to give it the Medicare designation, that is what it should be. A lot of people want to move a lot of different funds and have general revenues subsidize Medicare, but Medicare taxation is growing, and growing substantially.

Let me give a couple of examples. Maximum taxation right now for a person who makes \$76,000, paying Social Security and paying Medicare: Social Security tax equals \$9,000; Medicare tax equals over \$2,000. I remind my colleagues they have to pay for those taxes with aftertax dollars. They already have to pay income tax on those dollars to pay Social Security and Medicare tax. I am not sure everybody is aware of that. I think it is grossly unfair. Maybe one of these days we will be able to fix that. Right now, we haven't fixed it.

So people can understand this dilemma, a person who makes \$80,000 has to pay \$9,000 Social Security tax, \$2,000 in Medicare tax, and they have to do it with aftertax dollars. So to pay that \$11,000, in reality they have to make about \$14,000 or \$15,000. That is the present system.

Now our colleagues are saying: That is not enough; we want to have a whole lot of general taxation—in other words money coming out of your income tax to also pump into the system because we are increasing benefits faster than you can pay for them. That is the argument that is being made on the other side. I disagree with that.

I think to just say let's increase new benefits and to have it outside of any Medicare reform is grossly irresponsible. I tell my friend and colleague, I do not think that makes sense.

I have a couple of other comments on the exploding cost of Medicare. You can almost take whatever estimate is out there and multiply it by two or three and it is still not going to be enough. Many people are proposing prescription drug benefit. If you have a

prescription drug benefit that some people are advocating and you do not have proper cost controls and so on, this cost can explode.

Last year in the budget resolution we had a couple of Medicare provisions. We said, let's have \$20 billion we can put in immediately and another \$20 billion contingent on Medicare reform, for a total of \$40 billion over 5 years.

Then, if I remember, the Senator from Virginia, Mr. Robb, came up with an amendment on the floor that said that is not enough. Let's come up with another proposal, let's do it to the tune, if I remember, of \$248 billion. That was his proposal. We voted on that proposal. We defeated that proposal. That proposal had enormous cost impacts and an enormous cost share of up to \$80 copays, a huge expense. Yet it still was not enough for the Democrats.

Now we have a proposal that is not 100 and not 40 over 5, not 138—that is the President's proposal—over 10. Somehow that is still not enough, even though it is a lot more than we passed last year. The Democrats want to double the President's figure.

They have not calculated a program and they do not have an estimate of what the copays are going to be. They don't have anything. They say whatever you have, we are going to double it and you cannot use Medicare funds to pay for it. That simply does not make sense.

If somebody makes \$1 million, 2.9 percent of that is \$29,000. There are a fair number of people who make that amount. There is a lot going into Medicare, and we are not going to let them use some of that money for prescription drugs? That is the argument being made on the other side. It just does not make sense.

I urge my colleagues to go about dealing with prescription drug benefits in a fiscally responsible way, not just to try to score points. It is not responsible to double the figure just because there is political capital in doing so. Let's work together to come up with something that is financially responsible, that is solvent, that will not be putting our kids at a disadvantage.

I yield the floor.

The PRESIDING OFFICER (Mr. CRAPO). The Senator from North Dakota.

Mr. CONRAD. Mr. President, I was very interested to hear the lack of response to the question that the Senator from North Dakota posed to the Senator from Oklahoma. The Senator from Oklahoma answered every question except the one that was posed to him. The simple question that was asked was what happens to the solvency of the Medicare trust fund if you use money out of that trust fund to provide a prescription drug benefit?

The correct answer to that question is, you reduce the solvency of the Medicare trust fund. You make the trust fund go broke even sooner. That is what this chart shows.

If you raid the Medicare trust fund to provide a prescription drug benefit, you

make Medicare go broke sooner. That is why we on our side have taken the fiscally responsible course. The fiscally responsible course is to pay for a prescription drug benefit but not to touch one dime of the Social Security trust fund or the Medicare trust fund because that only endangers the solvency of those trust funds.

So we have proposed a fiscally responsible plan, one that protects every penny of the Social Security trust fund, every penny of the Medicare trust fund, and then, with what remains, provides a tax cut with one-third of the money; with one-third of the money provides for the high-priority domestic needs including a specific program for prescription drugs. No, no, this is not just a matter of putting up a number. This is based on policy. This is based on a plan that is a prescription drug plan that is universal. Everybody who is eligible for Medicare can sign up. It is voluntary. If you do not want to belong, you do not have to belong. It provides enough support so people would actually be in the program, so you are not just getting the sickest people in and have a program that will not stand scrutiny over time. Then, with the final third, to fund this long-term debt that is growing because of our Social Security liability.

That is a fiscally responsible plan. We do not rob Peter to pay Paul. We do not raid the Medicare trust fund to provide a new set of benefits when you need the money in that trust fund to keep the promises already made.

The correct answer to the question I posed to the Senator from Oklahoma is, if you take money out of the Medicare trust fund to fund a prescription drug benefit, you hasten the insolvency of the Medicare trust fund. It goes broke sooner. We should not do that. That is a mistake.

I thank the Chair.

The Senator from Montana wants time off the resolution?

Mr. BAUCUS. Five minutes?

Mr. CONRAD. I yield to the Senator from Montana for 5 minutes.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. I listened closely to my good friend, the Senator from Oklahoma, and his basic arguments against the pending amendment. As I heard him, he had a basic argument that the pending amendment would not provide benefits fast enough. I take it that he would rather follow the provisions contained in the budget resolution, which he believes will get benefits to seniors more quickly.

I do not know if my good friend knows, whenever we have tried that in the past—that is, block grant programs like CHIP—it takes States a couple of years at least to implement the program. It is never something that comes up and is implemented right away.

Second, a lot of States do not want the provision that is contemplated in the budget resolution. Why don't they want it? Because they cannot afford it. They do not have the matching funds.

Furthermore, some State legislatures like Montana's meet every other year. Consequently, it would take a couple of years for those States to enact the measure that is contemplated by the ideas of the Senator from Oklahoma.

I might also add, for those States that already do have a plan in place, they will just use the Federal money to substitute for the State money. It is a zero sum game. We are not adding anything. The evidence and testimony before our committee are clearly along those lines.

I might also say that if the majority is thinking of getting a prescription drug benefit out of the contingency fund we hear so much about, they should just work out the numbers. I know these are the numbers the Senator from Oklahoma is working off of. They show that in the years 2005 to 2006, the contingency fund for those years will be in deficit by about \$5 or \$6 billion. That means that if there is any kind of meaningful prescription drug benefit program, it has to come out of the hospital insurance trust fund. There are only two places it can come from.

We need to provide help for our States—particularly rural States—and rural hospitals. It is difficult for them to make ends meet under Medicare. It is important for all of us to remember that more than half of the income for some rural hospitals is from Medicare receipts. Raiding the hospital trust fund would hurt those rural hospitals, and that's not something we want to do.

I also want to lay to rest a misconception that might exist. The amendment I am offering contemplates Medicare reform. It does not preclude Medicare reform. In fact, the chairman of the committee and I, my staff and the staff of the chairman of the committee, have been talking about different Medicare reform options to go with a prescription drug benefit. It is true that there are all kinds of different Medicare reform provisions. Obviously, the most extreme are not going to be passed this year.

My amendment basically says, OK, there is probably not going to be enough money in the contingency fund.

And if our only other option is the hospital insurance trust fund, we certainly don't want to do that. I suggest taking a very small sliver out of the President's tax cut proposal—about \$158 billion—to fund a prescription drug benefit for our seniors. That \$158 billion would supplement the \$153 billion that is already contained in the budget resolution, providing \$311 billion total for a prescription drug benefit that is going to work and that is paid for.

I believe that when you do something, you should do it now, and do it right the first time. "Right the first time" for me is enough to come out to get the program started.

The PRESIDING OFFICER. The Senator's 5 minutes has expired.

Mr. CONRAD. Mr. President, how much time will the Senator from North Carolina need? I will provide 10 minutes off the budget resolution.

The PRESIDING OFFICER. The Senator from North Carolina is recognized for 10 minutes.

Mr. EDWARDS. Thank you, Mr. President.

We are at a unique time in our country's history. We have an opportunity to do things that we haven't had the chance to do before. But in order to take advantage of this unique moment in our country's history, we must make the right decisions and make the right choices. I think we have to begin by being straight with the American people.

First, we need to be honest about the fact that none of us know what is going to happen 5, 6, or 7 years from now. For us to suggest otherwise is nonsense. The American people do not know what is going to happen, and we don't know what is going to happen. Any reputable economist in the country will say that there is no way to predict what is going to be happening 5 or 6 years from now in our economy.

Second, in being straight with the American people, we need to stop suggesting that we can have it all. There is a suggestion being made by some people in Washington that, in fact, we can have it all. We can have a huge tax cut. We can do everything we need to do for our public school system. We can give you prescription drugs. We can do everything we need to do to help our military men and women. We can have everything. Well, that is not the truth. That is not being straight with the American people. And I think the American people know this.

There are two basic principles around which I hope this debate will revolve. First, we don't know what is going to occur 5 or 6 years from now; second, no American family can have everything and we as a nation can't have everything.

First, on the issue of what is going to happen 5 or 6 years from now, what we know from experience is that when budget surplus projections were made—actually, they were talking about the deficit at the time in the Reagan administration—the projections were off by hundreds of billions of dollars. When George Herbert Walker Bush was President of the United States, exactly the same thing occurred. The projections were off by hundreds of billions of dollars. The same occurred in the Clinton administration. Common sense would tell us that the current projections are just as speculative. The Secretary of the Treasury and Chairman Greenspan have all suggested exactly the same thing.

So what we know with certainty is that we cannot predict where we will be 5 or 6 years from today.

The President's tax cut is loaded to the last 5 years of their 10-year period. The bulk of the costs and the bulk of the benefits fall in that last 5 years. It

is also during that last 5 years that most of the projected surplus falls.

We have two things occurring simultaneously. The bulk of the costs of the tax cut and the benefits occur at exactly the same time that the bulk of the surplus projection occurs, and also at the same time that those surplus projections are riskiest, when they are least reliable.

Does it make common sense for us to have a huge tax cut, the bulk of which coincides with the time when the surplus projections are at greatest risk for being wrong? We know these projections are going to be wrong. That is the one thing we don't have any doubt about. We just do not know how wrong. And we need to be straight with the American people about that.

So knowing these projections are going to be wrong, what is the sensible thing to do? The sensible thing to do is to have a more moderate tax cut that protects Social Security, that protects Medicare, and make sure the tax cut is fair to all the American people.

If 5 or 6 years from now—and we can't predict right now what is going to occur—the surpluses actually exist, and we have enacted a moderate tax cut, we have done everything we can to pay down the debt, and if we have protected Social Security and Medicare, we can do something else. We can do another tax cut.

In the alternative, or even in addition, we can also do something about what we know is coming in the next decade—the retirement of the baby boomers. No one is talking about that, but this is going to put a tremendous strain on the Social Security system. But we know it is coming.

One suggestion which has been made by the Concord Coalition is that we have mandatory IRAs; that we use some part of the surplus at that point to provide mandatory IRAs to the people around the country, which helps deal with the demographic shift that we know is coming in the next decade. This is something we can talk more about, but we need to start focusing on this before it is too late.

What I am suggesting is the common sense thing to do, knowing the unreliability of the surplus projections, knowing that we need to pay down our debt, knowing that we need to protect Social Security and Medicare, is to have a more moderate tax cut now and to pay down the debt to the extent we are able to pay it down.

No one in this body wants to saddle our kids with these huge interest payments that are being made now on our national debt. And we don't want to pass the debt itself on to our kids either. The best thing we can do for them is make sure we pay down this debt.

In addition to that, we don't want to make our kids take care of us because Social Security is insolvent. They shouldn't have to take care of us because we failed to protect Social Security.

We have an extraordinary opportunity to address these problems right

now. The key is that we not squander it.

Second, I want to emphasize that we must be straight with the American people and not suggest to them that they can have everything. It is just not the truth.

We can have a tax cut, and we should have a tax cut. But we can't have a tax cut of the size the President is proposing and do all the other things that are being talked about—education, for example.

Having been to schools all over my State in North Carolina, I know how desperately we need to make a real effort to improve our education system in this country.

We have actually done some great things in North Carolina. Some of what the President is proposing is patterned after North Carolina—tough accountability, measurement, identification of the schools that are not performing, that are low performing, and making an intense effort to turn those schools around.

This is what we did in North Carolina when we went through that process and identified the schools that were low performing, in addition to having tough accountability, we sent real experts in to turn the schools around. In those schools that are in poor school districts that did not have the resources, we helped them; we gave them the resources they needed to turn the schools around.

We know that needs to be done. Unfortunately, under this budget resolution, that is probably impossible. We cannot expect to have effective education reform if we don't commit ourselves to do what is needed. We have to have a balanced, thoughtful approach to this issue.

Secondly, I want to mention our military men and women. We have military bases that are very important to us in North Carolina. I have been there. I have talked to our military men and women. These are people who are devoting their lives to protect us, to defend us. They have, in many cases, inadequate housing. Some of them are having to live on food stamps. This is an embarrassment to us as a nation.

We have to do something for our military men and women. The problem is, we can't do everything. We can't have a huge tax cut and still do what needs to be done in these other areas. But what we can do is have a more moderate tax cut that doesn't jeopardize our commitment to important national interests and that doesn't jeopardize Social Security and Medicare. And most importantly, we can pay down the debt, not saddle our kids with it.

What we ought to do is not spend money we do not have, to not spend money if we have no idea whether it will ever come into existence. Why is that not the responsible thing to do?

The PRESIDING OFFICER. The 10 minutes allotted to the Senator has expired.

Mr. EDWARDS. Mr. President, I ask unanimous consent for an additional 5 minutes off the resolution.

The PRESIDING OFFICER. Does the Senator from North Dakota yield an additional 5 minutes?

Mr. CONRAD. I am glad to give 5 minutes off the resolution.

The PRESIDING OFFICER. The Senator from North Carolina is recognized for 5 additional minutes.

Mr. EDWARDS. I thank the Chair.

Mr. President, the key to this—in this debate, and in our discussion, our dialog with the American people—is that we tell them the truth. We do not know what is going to happen 5 or 6 years from now. In addition to that, we have to be responsible when we decide what to do about this budget resolution. They can't have everything. They know it. American families can't have everything they want, and they know as a nation that we can't have everything we want.

We also have to make absolutely sure that this tax cut we enact is fair; that it is fair to everybody; that the benefits are not directed at a particular part of our society. We need to make sure that everybody gets a benefit—including those people who work but only pay payroll taxes and don't pay income taxes; those people need to be included in any tax cut.

We need to make sure it is balanced so that middle-income people all across this country get a substantial benefit, so that working families get a substantial benefit.

So the principles we should be guided by are: No. 1, having a moderate, fiscally responsible tax cut; No. 2, making sure Social Security and Medicare are protected; and, No. 3, making sure this tax cut is fair—fair to all Americans, not unfairly benefitting one part of our society.

In conclusion, we are at a remarkable moment in our country's history. We have a chance to have a real impact not only over the course of the next decade but over the course of the next century. But we can only do it if we make the right decisions, if we are careful and deliberate and thoughtful, and if we are straight with the American people. We can have a balanced, moderate tax cut, giving real tax relief to the American people. We can pay down our debt, which is the responsible thing to do. We can preserve and shore up Medicare and Social Security. And we can have a tax cut plan that is fair to all Americans. But in order to do that, we have to begin by telling the American people the truth. And the truth is, we don't know what is going to happen 5 or 6 years from now, and they can't have everything.

We as a nation have important decisions to make. We have important choices to make. Those choices are going to have consequences for our country, and for our children.

Mr. President, I yield the floor.

Mr. NELSON of Florida. Mr. President, will the Senator from North Carolina yield for a question?

The PRESIDING OFFICER. The Senator from North Dakota controls the time.

Mr. CONRAD. I am happy to yield time off the resolution to the Senator from Florida for the purposes of a question or for any other purpose.

Mr. NELSON of Florida. The Senator from North Carolina has made such a compelling argument. I just want to question him about his people in North Carolina and their feelings about paying down the national debt. Would he further expound on that?

Mr. EDWARDS. I have town hall meetings all the time with people in North Carolina, I say to Senator Nelson. Over and over people tell me exactly the same thing, which is, they know that we need to pay off the national debt. They know it is really important to them that their kids not be saddled with this debt and the interest payments on the debt. They know that what has happened over the course of the last 8 or 9 years is we have taken a course of real responsibility. It is one of the reasons we have had such extraordinary economic growth, such extraordinary productivity. They know that in their gut. They do not need an economist to tell them. They know it. They know when they owe money they pay it back. That is what they expect our government to do. They do not want their kids saddled with this debt. So they think it is critically important. I agree with that.

Mr. NELSON of Florida. I suspect the people in North Carolina know, as do the people in Florida, that if there is an available surplus out there over the next 10 years, we ought to use it wisely, be fiscally disciplined; and one of the first priorities should be that we pay down the national debt—that we leave some, after we enact a tax cut, in order to be able to pay down the national debt.

Mr. EDWARDS. I say to the Senator, I think that is the only responsible thing to do under the circumstances. That is what I hear from folks in North Carolina. The truth of the matter is, they do not need some fancy projection or some economist to come tell them. It is just common sense. It is the sensible thing to do. And they know it is the sensible thing to do.

Mr. NELSON of Florida. I thank the Senator for yielding.

Mr. EDWARDS. I thank the Senator for the question.

Mr. NELSON of Florida. I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, when Senator DOMENICI wants the floor to do something, I will yield. But I want to yield myself such time as I might consume off the resolution to speak about the issue that has been discussed on the other side of the aisle.

I do not question the sincerity of the people who have been speaking to the

point that we need to know what is down the road before we give tax cuts. The only thing that is strange about that argument is, they use that argument now, at a time when we have an opportunity to let the people keep some of their own money, at a time when we can have tax relief for every taxpayer who pays income tax.

This somehow is a little bit unjust, to bring up the argument that maybe we can't quite see what the future holds down the road, so we shouldn't give a tax cut. For decades, I have served in Congress, listening to issues of spending—whether or not we should spend more money. I never heard these arguments back in the days of deficits. No one ever said that we could not see down the road far enough, so we should spend a little bit less.

It seems to me that it's very inconsistent to use this argument. I am not questioning the legitimacy of it; I am questioning the fact that it is used when we are talking about tax relief for working men and women, while at the same time, they don't use it when talking about whether we ought to spend more money. Spending more money, without consideration of what is down the road, got us into 28 years of unbalanced budgets and driving up the big budget deficit that we had. So we ought to be as concerned about it on one side of the ledger as we are on the other. I think it is very important—when we are talking about tax relief and the priorities in the budget—that we always keep in mind that the American people are suffering from the highest level of taxation, as a percentage of the gross domestic product, since World War II.

Right now, the rate of tax is 20.6 percent of GDP.

What does 20.6 percent of GDP mean? Compare it to a 40-year average of around 19 percent. Does 19 percent going up to 26.6 percent mean much? Yes, it means a lot, because that money is run through the Federal Treasury. This means political decisions are made on how it is going to be spent. This process does not create new wealth. If it is in the pockets of the taxpayers, whether it is spent or invested, it is going to create new wealth. Money in the taxpayers' pockets turns over many more times in the economy than if government spends it. Wealth is created only in the private sector. Government does not create wealth, it expends wealth.

This situation is as if you had a 7-percent mortgage and you received more income than originally intended. Would you pay down your mortgage at 7 percent or would you invest it in something that was going to pay 9 or 10 percent? If you are a good business person, you are going to invest it in something that pays a higher rate of return.

Returning this money to the taxpayers is going to give us a higher rate of return. It will keep us in line with the 19 percent of the gross domestic product which has been paid to the

Federal Treasury as taxes from the American people. Hopefully, it will keep us at a level of expenditures around the same amount or a little bit less than we have spent in the past. This way, we will not build up artificially high levels of expenditures. If taxes grow to 21 percent, we could have a downturn in the economy. Our spending never goes down. We would keep our spending at the high level and then return to the days of deficit spending.

From a standpoint of consistent policy, the level of taxation ought to be the policy which we have had for a long period of time. Taxpayers consider our historical level a legitimate level of taxation, and no economic harm has come from it because the last 20 years have been the best economic years this country has ever had.

From the early days of Reagan through President George W. Bush, these are the best 20 economic years this country has ever had. It is because we have had a fairly consistent policy of taxation that has rewarded productivity and not overtaxed people. Taxes that come to Washington are inefficiently expended.

Also, if we do not do something about that 20.6 percent, at the end of this decade it is going to go up to 22.7 percent. It will continue to grow. The reason it will continue to grow is that we have real bracket creep which increases taxation. You go from one bracket to a higher bracket. We have indexation of taxes, but that is to offset inflation. We have real bracket creep when money is earned at higher levels by individuals, that is how we get this high level of taxation.

Look at the individual income tax. The income tax 4 or 5 years ago was coming in at about 7.2 percent of gross domestic product. I am talking just about the individual income tax. Of all the taxes that come into the Federal Treasury, individual income taxes were a little over 7 percent of GDP. They are now over 10 percent of GDP. This is a very dramatic increase in the money coming into the Federal Treasury from income taxes. From that standpoint, it seems to me this is another reason the people deserve income tax relief.

The individual income tax burden has doubled since President Clinton's tax increase in 1993. That was the biggest tax increase in the history of the country. Reducing the biggest tax increase in the history of our country is where the Bush plan focuses its relief.

For the nervous nelliess of the Senate who are concerned about whether we can see down the road far enough when it comes to tax decreases but are not so concerned about seeing down the road of the future when it comes to expenditures, they ought to have some confidence in Alan Greenspan. Mr. Greenspan says that over the long term, if the Federal Government continues to collect tax revenue at this record rate, the Federal Government will either spend the money or become a significant holder of private assets.

The Federal Government becomes a significant holder of private assets when it has paid down every penny of the national debt that has come due and it cannot pay down any more without paying tremendous premiums for calling in the bonds. There are some savings bonds we would not want to call in, whether it is young kids saving money through savings bonds or older people who have their money in savings bonds. They think it is very safe.

There may be some of those instruments that we will want to allow people to have for their own well-being. We can pay down every cent on the national debt that can be paid down. But when we get too much money coming in, it burns a hole in our pocket, it will be spent. We do not want that to happen. Suppose it does not burn a hole in our pocket and we do not spend it. What are we going to do with it? We are not going to put it in a mattress at the Treasury Department. We are going to go into the market and buy things that will produce a return on that money. We do not want the Federal Government upsetting the financial markets by buying things on Wall Street or even certificates of deposit. When the Federal Government goes into the market, it goes in a big way that distorts the market. We should not have the Government doing that.

Everybody seems to be hung up on this \$1.6 trillion tax cut. The \$1.6 trillion tax cut is my personal preference, not that there is anything magic about it, but it is something we have talked about in an election. A person who is elected ought to perform in office commensurate with the rhetoric of that campaign. Consequently, if anybody is surprised about President Bush suggesting \$1.6 trillion as tax relief for working men and women, the only shock they should have is that there is now somebody in office who ran on a platform and is presenting the program on which he ran.

That is unusual in politics at all levels in America. This President is determined to help reduce the cynicism towards Government, so most of the ideas he has suggested to Congress in his first 100 days in office are those ideas on which he ran for office, and he wants to perform in office according to that.

I am fortunate as chairman of the Senate Finance Committee to be able to work with the President who has goals I have been trying to accomplish before he ever decided to run for President. I am glad to be able to work through some pieces of legislation that are on his program, which is legislation I have wanted to accomplish.

It is quite easy for me to work for this program, and work for the tax relief for working men and women. Some of these parts of the tax package are parts on which I voted to support. Pieces of program have passed the Senate and House and were vetoed by the previous President. We now have a chance to get these through the Con-

gress, have them signed by the President, and give working men and women tax relief. I hope we move forward on these tax issues.

Most importantly, for people on the other side who are nervous about a tax cut based on 10-year projections, remember, these are nonpolitical people making these projections. They don't have a 1,000-percent batting average. I have noticed them getting much better in the years I have been in the Senate. They seek outside advice and outside predictors of the economic future may be, and compare that information to their own results. They take a fairly intermediate course, not one that projects the most rosy scenarios for the future or the least rosy scenarios for the future, but intermediate scenarios. That is a fairly responsible approach.

For those concerned about taxes, I hope those Members are as consistent and concerned when it comes to expenditures as well. I hope you are just as cautious in making expenditures, not knowing what the future holds, as you want everybody else to be when it comes to tax reductions.

I wonder whether or not the people who are concerned about whether we can look 10 years into the future to make budget policy have any concerns about the fact that Jack Kennedy had a tax cut in 1963, bigger than the tax cut we are talking about, and it only looked ahead 1 year. When the second biggest tax cut of this half century was in 1981 under President Reagan, I don't know that there was any concern that we only looked ahead 5 years at that time. We are trying to look further ahead because it is a wiser way to make public policy.

On the other hand, I wonder how the very same people, raising the very same concerns about not being able to look down the road far enough to make a decision, ever got nerve enough to take out a 30-year mortgage. Surely they had to go to their banker. They had to ask the banker, can I get a 30-year mortgage? They had to show the banker they had the ability to repay that loan over the next 30 years. They had to think for the next 30 years, what is my income going to be? Will I ever be fired? They got a loan, I bet, based upon having some sort of confidence in the future.

That is how we go about making a decision on handling the \$28 trillion that is coming into the Federal Treasury over the next 10 years. We decided that a lot of it will be spent and we had to accommodate for inflation during that period of time. We built in 4-percent increases just for inflation and some growth each of the next 10 years. That is all figured into the \$28 trillion that is coming in before we figured that we had a \$5.6 trillion surplus. Out of the \$5.6 trillion surplus, we take all of that money that is in trust funds and put it off the table. We take \$1.6 trillion off the table for a tax cut, and what we have left for emergencies is

\$900 billion. This can be used of prescription drug programs for senior citizens, and unanticipated expenditures.

We have been very cautious as we approach the future. We use the same tools at hand that any citizen has in looking into the future as they borrow or make plans on what they will spend down the road. Two trillion dollars is a lot of money. My guess is this growth of the economy has been figured conservatively enough that we will have much more than that over the next 10 years. We just have to wait. I think this is doable.

Some of my Republican friends said this tax cut ought to be a lot more than \$1.6 trillion. I think it is important to build confidence. I think intellectually we can show it is doable. We can pay down every cent on the national debt that can be paid down over the next 10 years. We can have prescription drugs, fund our priorities, and still keep money for working men and women to be further rewarded for the fruits of their labor and the fruits of their minds that have given us this great economy and the great economic growth we have had.

Mr. DOMENICI. Will the Senator yield?

Mr. GRASSLEY. I yield the floor.

Mr. DOMENICI. We are ready to ask for a unanimous consent.

I ask unanimous consent Senator GRASSLEY be recognized to offer an amendment on behalf of himself, Senator SNOWE, Senator DOMENICI, Senator COLLINS, Senator FRIST, and others who want to join on our side. That is an amendment in the first degree regarding Medicare and prescription drugs. I ask that the time between now and 5 o'clock be equally divided for debate on both amendments, and following the use or yielding back of that time, the Senate proceed on two consecutive votes, the first on or in relation to the Grassley amendment, which I have just described as to its cosponsorship, to be followed by a vote on or in relation to the Baucus amendment, without any intervening action or debate, and that no second-degree amendments be in order to either amendment.

Mr. REID. Reserving the right to object, would the Senator from New Mexico agree, prior to the second vote, there be 2 minutes equally divided.

Mr. DOMENICI. Two minutes equally divided, of course.

The PRESIDING OFFICER. (Mr. BROWNBACK). Without objection, it is so ordered.

Mrs. CARNAHAN. Mr. President, seniors' ability to afford prescription drugs is a very serious problem. Too many seniors have to make a painful choice between paying for medicine or paying for rent and food. I have heard from many Missouri constituents on this issue. It is time that Congress enacts a comprehensive prescription drug benefit for all seniors. This is why I am cosponsoring and supporting the amendment to the Senate budget resolution that would create a voluntary

prescription drug benefit for all seniors through the Medicare program.

The Democratic amendment makes an investment in an affordable, accessible, and meaningful prescription drug benefit for all beneficiaries. Instead of making a real investment in a Medicare prescription drug benefit, the Republican budget resolution invests only \$153 billion over 10 years in this critical initiative. This investment is nowhere near sufficient to meet the need.

The size of the Republican leadership's tax cut would make it impossible to provide the additional investment needed to meet the demand of this important national priority. The Democratic amendment would reduce the tax cut by \$158 billion over 10 years and invest a total of \$311 billion over 10 years in a Medicare prescription drug benefit for all beneficiaries.

The Democratic amendment to the budget resolution proposes a prescription drug benefit for all Medicare beneficiaries that does not use funds from the Medicare or Social Security surpluses. The amendment will provide a benefit that is voluntary, gives beneficiaries meaningful protection, is affordable to all beneficiaries and the program, and ensures access to the drugs seniors and people with disabilities need at the pharmacies they trust. In addition, it is consistent with broader Medicare reform.

It is time that Congress act on this important matter.

Mr. REED. Mr. President, I rise today to offer my support for the Baucus-Graham Medicare prescription drug amendment. The amendment sets a total of \$311 billion for the creation of a Medicare prescription drug benefit. The need for a prescription drug benefit under Medicare grows each and every year. Unfortunately, the budget resolution currently before us fails to meet our seniors' tremendous need in this area.

Advances in medical science have revolutionized the practice of medicine. And the proliferation of pharmaceuticals has radically altered the way acute illness and chronic disease are treated and managed. Further fueling these advancements have been annual increases in the budget of the National Institutes of Health, NIH. This year, the NIH is slated to receive an increase of \$2.8 billion, which not coincidentally just happens to be equal to the total increase in the entire Department of Health and Human Services, HHS, budget.

While the allocation of \$153 billion for both Medicare reform and the creation of a prescription drug benefit is probably the most blatant example of how our most vulnerable citizens are being shortchanged by the budget resolution, the overall budget for HHS is laden with vital programs that are being decimated so the Administration can fund an ever-growing and misguided tax cut. However, we will not know exactly which programs have been sacrificed until after the budget resolution has already passed.

With regard to pharmaceuticals, I am deeply concerned that we are creating a situation like the classic story of Rapunzel, except in this case, scientists and remarkable new medical treatments are in the ivory tower and the people who would most benefit from these lifesaving advancements are on the other side of the moat with no bridge.

Thanks to the years we held the course of fiscal discipline, we now have a historic opportunity to fund our nation's priorities, prepare for future expenditures and return some of the remaining surplus back to the American taxpayer. Later this week, an alternative budget resolution will be offered which I believe strikes the right balance of fiscal discipline and investing in our priorities. It includes adequate funding for a universal Medicare prescription drug benefit for every senior in America.

We are already painfully aware of the fact that remarkable advances in medical science, particularly in the area of pharmaceuticals, do not come without a cost. Since 1980, prescription drug expenditures have grown at double digit rates and today prescription drugs constitute the largest out-of-pocket cost for seniors. For millions of seniors, many of whom are living on a fixed income and do not have a drug benefit as part of their health insurance coverage, access to these new medicines is simply beyond reach.

Even more alarming, it is estimated that 38 percent of seniors pay \$1,000 or more for prescription drugs annually, while 3 in 5 Medicare beneficiaries lack a dependable source of drug coverage. This lack of reliable drug coverage for today's seniors is reminiscent of the lack of hospital coverage for the elderly prior to the creation of Medicare. Back in 1963, an estimated 56 percent of seniors lacked hospital insurance coverage. Today, after all our investments in health care and prevention, 53 percent of seniors still lack a prescription drug benefit. This is unacceptable.

The need for a Medicare prescription drug benefit is a top concern for the elderly and disabled in my home state of Rhode Island. Many seniors continue to be squeezed by declines in retiree health insurance coverage, increasing Medigap premiums and the capitation of annual prescription drug benefits at \$500 or \$1,000 under Medicare managed care plans. Seniors in my state are frustrated and burdened both financially and emotionally by the lack of a reliable prescription drug benefit. As their Senator, I am committed to doing all I can to relieve them of this tremendous burden.

While the need for a prescription drug benefit is clear and the desire on the part of some members of Congress is there, action on Medicare prescription drug legislation has been slow. I sincerely hope that this chamber can have the courage to fulfill the promise we made over 30 years ago to provide for seniors' health care needs. Clearly,

in today's world that means the provision of prescription drug coverage. The time is now to make the step from rhetoric to action on a Medicare prescription drug benefit. We should all feel compelled to seize this opportunity to strengthen and enhance Medicare for the new millennium.

Mr. DOMENICI. I believe Senator GRASSLEY has the proposed amendment.

Mr. GRASSLEY. Mr. President, I yield myself such time as I may consume.

AMENDMENT NO. 173 TO AMENDMENT NO. 170

Mr. GRASSLEY. I send an amendment to the desk and ask for its immediate consideration. This is for Senator GRASSLEY, Senator SNOWE, Senator DOMENICI, Senator COLLINS, and Senator FRIST.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Iowa [Mr. GRASSLEY], for himself, Ms. SNOWE, Mr. DOMENICI, Ms. COLLINS, and Mr. FRIST, proposes an amendment No. 173 to amendment numbered 170.

Mr. GRASSLEY. Mr. President, I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 49 strike lines 15 through line 6 on page 50 and insert the following:

SEC. 203. RESERVE FUND FOR PRESCRIPTIONS DRUGS AND MEDICARE REFORM IN THE SENATE.

If the Committee on Finance of the Senate reports a bill or joint resolution, or a conference report thereon is submitted, which reforms the Medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) and improves the access of beneficiaries under that program to prescription drugs, the Chairman of the Committee on the Budget of the Senate may revise committee allocations for the Committee on Finance and other appropriate budgetary aggregates and allocations of new budget authority (and the outlays resulting therefrom) in this resolution by the amount provided by the bill, joint resolution, or conference report but not to exceed \$300,000,000,000 for the period of fiscal years 2002 through 2011. The total adjustment made under this section for any fiscal year may not exceed the Congressional Budget Office's estimate of the President's Medicare reform and prescription drug plan (or, if such a plan is not submitted in a timely manner, the Congressional Budget Office's estimate of a comparable plan submitted by the Chairman of the Committee on Finance).

SENATOR GRASSLEY'S TALKING POINTS ON HIS MEDICARE AMENDMENT TO THE BUDGET APRIL 2001

Mr. GRASSLEY. Mr. President, the amendment I am offering with Senators SNOWE, DOMENICI, COLLINS, and FRIST this afternoon represents Senate Republicans following through on our commitments. We joined President Bush in committing to strengthen and improve Medicare to meet the needs of older Americans. And the amendment I am offering demonstrates that we will keep that promise.

This amendment provides the flexibility necessary for the Finance Committee to craft legislation that not

only provides necessary reforms and improves access to prescription drugs, but does so in a responsible fashion—so we're not left with uncontrollable spending.

I hear from constituents all the time about things in Medicare that need to be updated. And while prescription drugs is the most visible improvement, it is surely not the only one.

Medicare is operating on a system that is almost a half-century old. There is little doubt in anyone's mind that this system is not only out-of-date, but that it cannot support the surge of baby boomers that will enter the program over the next decade.

We owe it to our beneficiaries to provide high-quality 21st century medicine, we owe it to our providers to let them deliver the care they were trained to provide instead of spending all of their time on paperwork and regulations, and we owe it to our taxpayers to make sure we're spending every dollar wisely—and not wastefully.

I think we have a real opportunity to get Medicare legislation done this year and the amendment I am offering today allows us an opportunity to do just that.

I look forward to working with the President and my colleagues here in the Senate to craft a Medicare proposal that makes sense for beneficiaries and that is fiscally responsible for our taxpayers.

I yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, my good friend from Iowa, my chairman, is attempting, in a good-faith way, to figure out how we are going to get a greater prescription drug benefit to our seniors. It is clear our seniors need it. The only question that is facing this body is simple: which of the two alternatives, the one offered by the chairman or the one offered by myself, is more likely to get them the benefit?

The circumstance is a bit awkward, a bit difficult. My chairman and myself are offering competing amendments. In a real sense, they are very similar. It is about the same thing. We are both trying to get a prescription drug benefit, and in each case the amount is roughly the same, \$300 billion. The amendment of the Senator says up to \$300 billion over 10 years. The amendment I am offering says we will add \$158 billion to the current \$153 billion. That comes out to \$311 billion. So we are both talking about \$300 billion total in prescription drug benefits for the next 10 years for our senior citizens who, essentially, are currently not covered.

The question really is, Why are we here? We are both talking about \$300 billion. What is the big deal? Why don't we just agree and get on with the other amendments?

The point is there is an honest, good-faith difference of opinion as to which of the two is more likely to provide the actual prescription drug benefits. The

amendment I have offered very simply states we will take \$158 billion out of the \$1.6 trillion tax bill and add that to the budget resolution of \$153 billion, which means a specific \$311 billion for prescription drug benefits which includes reform.

My amendment does not in any way preclude Medicare reform. Certainly, Medicare reform has to be addressed, and I think we should begin to address it this year in the Finance Committee.

The amendment offered by my chairman—he is a great guy, I might add. He is a great Senator and great chairman of the committee. But I think we have a little bit of an honest difference of opinion as to which approach is more likely to get the result. His amendment, if I might read it, is very simple. I will cut out the useless words and just state the pertinent words: If the Committee on Finance of the Senate reports a bill or a joint resolution which reforms the Medicare program and improves the access of beneficiaries, the chairman of the Budget Committee may—underline the word “may”—revise committee allocations that are appropriate.

It goes on to say the total adjustment made may not exceed the Congressional Budget Office estimate of the President's Medicare reform and prescription drug plan.

Basically, there are several soft phrases and soft words which raise questions as to the degree to which this is going to come to pass. The first soft word is “if” the Committee on Finance. It doesn't direct the Committee on Finance to report out a prescription drug bill. It just says “if.” Of course, who knows what the Committee on Finance is going to do if it is not mandatory.

Second, it provides even if the Committee on Finance reports out this bill, the committee on budget “may” revise committee allocations. Not that it shall revise committee allocations, only that it may.

I think there is probably a pretty good reason why the word is “may” and not “shall.” That is, to be honest, because we do not have the dollars. The contingency fund—everybody has a claim to it. It most likely will not be there. The only other alternative is to go into the hospital insurance trust fund. We certainly do not want to do that.

The practical result of this amendment, it seems to me, from any fair reading, is that most likely—even though we intend to have the dollars there, intention is not enough—as a practical matter, the dollars are not going to be there so we will not have a meaningful prescription drug benefit.

It also provides the chairman of the Budget Committee “may” provide this allocation only “if” it does not exceed the estimate of the President's plan in Medicare reform. So it really precludes us in the Senate from adopting any prescription drug plan or Medicare reform plan other than the President's. I

think we should have a little leeway on what we are doing.

So the alternative we face is very simple. It is a very simple alternative and Senators will differ about it. Clearly some Senators do not want to touch the tax cut. They think it is what it should be. Other Senators think it is maybe too much. But the choice is very simple. I think this is a fair statement and it is pretty hard for anybody to come up with anything very different than what I am going to say.

The choice is to reduce the President's tax cut—or the Budget Committee tax plan—by about \$158 billion over 10 years and add that to the prescription drug benefit called for in the budget resolution for a total of \$300 billion, and specify that—which means roughly \$311 billion for a prescription drug benefit along with reform—that is option 1—or option 2 is no reduction in the President's tax plan but hope that maybe the Finance Committee will report out a bill, the hope that maybe the chairman of the Budget Committee will come up with the reallocation, and that basically it must conform with the President's number.

I love to think we have the money there under the contingency fund for Medicare prescription drugs that is not out of the hospital insurance trust fund but somewhere else. But this is all so simple. I do not have the list in front of me, but all of the claims on the contingency fund are just innumerable. Alternative minimum tax, it is the tax extenders, it is some business tax cuts, it is pension reform, it is emergency assistance, it is defense.

Does anybody here think in the next 10 years the President of the United States is not going to, under NMD, offer a big significant boost in defense spending, say, next year or the following year? We know it is coming. There is nothing left in this contingency fund. It is just not there.

I do not want to get too technical about this, but even under the budget resolution provided for on the floor, in years 5, 6, and 7, the amount of the contingency trust fund is negative, is \$6 billion or \$7 billion during that period. That means any plan has to come out of the hospital insurance trust fund.

I made my point. It is a simple alternative. One is definite. It tells the Finance Committee to come up with \$300 billion. The other is a big maybe. And the maybe is based on very shifting sands. It is just not solid enough to support the conclusion that the money is going to be there.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, parliamentary inquiry. How much time do we have remaining?

The PRESIDING OFFICER. The Senator has 81 minutes 22 seconds.

Mr. DOMENICI. On the other side?

The PRESIDING OFFICER. They have 13 minutes 43 seconds.

Mr. DOMENICI. I yield myself 2 minutes and then I will ask Senator FRIST

to manage on my side. I have to leave the floor. He and Senator GRASSLEY will finish up the debate.

I say to everybody listening, the plain and simple fact is we propose we not reduce the President's \$1.6 trillion tax cut as a means of paying for prescription drug reform because we believe that is exactly what the contingency fund of \$500 billion was intended for. We provide a mechanism to make sure that if the President poses a permanent fix to Medicare, or the Finance Committee writes one, in each event they will be funded not to exceed \$300 billion.

The Senator says there is a lot of "ifs" and "maybes." I want to close by saying: Whatever happens to their amendment, there is no prescription drug bill until the committee writes one, right? So you are saying you are putting the money in and it is all full of ifs and ands and buts and maybes; to wit, you have to write a bill.

Nobody knows when the bill will be written. Why do we put the money in? We are not sure what it is going to be. We have estimates from \$346 billion to \$500 billion, if necessary.

We think we are doing the judicious thing leaving the tax cut intact and providing for prescription drug reform that is significant that can be up to but not exceeding \$300 billion. And we will assign it to the committee on the happening of either of two events: the President submits one which the Congressional Budget Office estimates or the distinguished chairman of the Finance Committee produces one that is costed out. And then we give them the money but not to exceed \$300 billion.

That is the summary underneath our proposal. Unless and until we write a bill, there will be no money spent on Medicare prescription drugs because we still have to write the reform measure.

I yield the floor at this point. I yield it to my two friends.

Mr. CONRAD addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, what a difference a few hours makes. What a dramatic transformation. When we proposed this morning a prescription drug benefit and the funding for it of \$311 billion, the other side said: There the Democrats go again. All they want to do is spend money.

But here we are at 4:30 in the afternoon and the Republicans are back. And what do they want to do? They want to spend almost the identical amount of money.

What has occurred here is absolutely fascinating. There has been a transformation. It has been really quite remarkable. All of this morning the Republican line was, Oh, the Democrats just want to spend money. But by 4:30 in the afternoon the Republicans want to spend the same money. The difference is they want to raid the Medicare trust fund, and we want to protect the Medicare trust fund. We want a prescription drug benefit directly and

clearly out of surpluses outside of the trust funds.

Let me show you why the proposal of our friends on the other side will put us right into the trust funds. This chart shows the surpluses available under the Republican budget proposal year by year. As you can see, in the year 2005, there is only \$7 billion available before they are into the Medicare trust fund. They are here proposing \$300 billion of expenditures for a prescription drug benefit. When you divide \$300 billion by the 10 years covered, that is about \$30 billion a year. If they use \$30 billion in the year 2005 for a prescription drug benefit, guess what. They are using Medicare trust fund money to fund a prescription drug benefit. What is wrong with that? That way leads to bankruptcy of the Medicare trust fund at an earlier date. That leads to insolvency of the Medicare trust fund at an earlier date.

That is why our amendment is superior. It is better fiscally. It is better for a prescription drug benefit because we will not permit raiding the Medicare trust fund to fund a prescription drug benefit. We protect every penny of the Social Security trust fund, every penny of the Medicare trust fund, and we fund a prescription drug benefit—the \$300 billion they are talking about—out of what is remaining. They are funding the Medicare prescription drug benefit out of the trust fund.

It is just as clear as it can be. This amendment ought to be relabeled the "Grassley Raid the Medicare Trust Fund Amendment." That is what we ought to call it because that is what it does.

I yield the floor.

Does the Senator from Michigan seek time? I yield the Senator from Michigan 5 minutes.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Ms. STABENOW. Mr. President, I rise to share the concern expressed by my colleagues who have been providing leadership on this budget resolution. I respect the chairman of the Finance Committee, the distinguished Senator from Iowa.

I must rise to indicate that I could not be more concerned about the approach that is being taken on this amendment. I am proud to be a cosponsor of the underlying Baucus amendment that provides a real prescription drug plan for our seniors. No ifs, ands, or buts. It is real. It is there, and it will not come out of the Medicare trust fund.

As to what was said by our distinguished Senator from North Dakota talking about the Medicare trust fund, this budget resolution, unfortunately, is a big shell game. It starts by saying, except for Medicare and Social Security, every penny-plus will go to a tax cut to wealthiest Americans; every penny projected for 10 years of any possible surplus. Then, to pay for funding, it moves Medicare trust funds of \$500 billion-plus over into something called the contingency fund.

We have been spending a lot of time trying to shore up Medicare and Social Security and protect it for the future. We know the baby boomers are going to be retiring within the next 11 years. The last thing we need to do is be spending those trust funds.

But because of the way this budget resolution is put together, the entire Medicare trust fund goes from about being protected over to being spent.

This proposal, unfortunately, spends Medicare in order to provide some possible prescription drug coverage. It is an amendment that goes against itself.

We need to be protecting the current Medicare trust fund, modernizing Medicare, and adding dollars so we are strengthening it in terms of prescription drug coverage.

Earlier this afternoon I heard comments on the other side of the aisle talking about how we don't know how we are going to pay for this proposal, that seniors are going to have to wait, and that we can't afford to do this. How long do the seniors of this country have to wait? How long do they have to wait?

I have been in the Congress only 4 years-plus—four in the House and now in this distinguished body in which I am so honored to serve on behalf of the people Michigan. But in the entire time I have been here, we have been talking about updating Medicare to cover prescription drugs. And every day we wait there are thousands or millions of seniors who are sitting down at the kitchen table in the morning saying: Do I eat today or do I get my medicine? Do I pay the utilities today or do I get my medicine?

We don't have that same sense of urgency that I hear from the families in Michigan. We need to have that. Our seniors can't wait.

We don't need smoke and mirrors. We don't need a shell game. We don't need to spend the current Medicare trust fund. We need to be honest and upfront and say that we are willing to take just a small part—less than 7 percent of the tax cut being proposed—to be moved over and provide the seniors of our country help with prescription drug coverage.

The majority of seniors will not benefit from this tax cut. They won't receive the tax cut. The tax cut that we can provide for them, and the money we can put back in their pockets, is by giving them help with their medicine and giving them help with the cost of prescription drugs. That is money back in the pockets of the senior citizens and those with disabilities in our country. I think they deserve something in their pockets as well.

While I support a tax cut that is across the board and geared to middle-class taxpayers, small businesses, and family farmers, I think we can also, if we do this right and we are honest about it and if we put together the right priorities, make sure we keep the promise. If we do not do it now, when will we?

The PRESIDING OFFICER. Who yields time?

Mr. FRIST. I yield myself 12 minutes.

The PRESIDING OFFICER. The Senator from Tennessee is recognized for up to 12 minutes.

Mr. FRIST. How much time do I have?

The PRESIDING OFFICER. The Senator from Tennessee controls 16 minutes 15 seconds.

Mr. FRIST. Mr. President, I yield myself 12 minutes. Please notify me when 2 minutes are remaining.

Mr. President, as I mentioned earlier this morning, we have a tremendous opportunity, I believe. It is reflected by amendments on both sides of the aisle. That opportunity is to expand Medicare in terms of its benefit coverage; that is, adding prescription drugs, which is critically important. It is vital if we want to be able to look seniors and individuals with disabilities in the eye and say: We are going to give you health care security.

That is what Medicare is all about. Why? Because prescription drugs, I believe, has to be a part of Medicare, just as the hospital bed or inpatient hospitalization or outpatient care, to fulfill that responsibility. But to have health care security, it requires us, I believe, to do more than just add a benefit which none of us really know how to add on. None of us have developed the policy through which we can deliver these services as of yet. But adding that benefit alone on to a structure which has, as good as it is, real problems, problems in terms of solvency—and what that means really is sustainability—is irresponsible. When you look at a 40-year-old, or a 50-year-old, or a 60-year-old, they want to know that the Medicare program is going to be there 20 years later. Today we cannot say that in good conscience, unless we modernize the system, improve the system, and strengthen the system.

The way the debate has evolved over the course of the day, now we have two very clear choices. One adds prescription drugs in a right way and one does so in a wrong way. The right way, I believe, is Senator GRASSLEY's amendment. The wrong way is Senator BAUCUS's amendment. I want to explain why.

We link the Grassley amendment to modernization, to strengthening the system, to improving the Medicare system, including prescription drugs—something their amendment does not do. Their addresses only the prescription drug concept and does not, as was just said, link to that improvement, that strengthening, that modernization. We want to be able to respond to that individual's needs. That is what Medicare reform is all about.

We believe strongly that reform must be a part of our response—and that is why it is spelled out in the Grassley amendment—where, yes, we are committed to spending an additional \$150 billion. That is what the amendment does. But it says on top of that we will

spend up to another \$150 billion after the policy is formulated. Right now we do not have the policy.

The reason why it is so important to at least think about the policy—to make policy before we fund it—is because of this figure shown right here in relation to prescription drugs. This chart shows the prescription drug demand and the response to that demand from 1965 to 1999. This shows how much has been expended overall. The whole point of this chart is that you can look at what has happened over the last 4 to 5 years. There has been explosive growth of prescription drugs. And we are talking about trying to fund this in some way for seniors, but we do not have the policy yet. So the Grassley amendment says, if we develop that policy—when we develop that policy—either by the President of the United States or the Finance Committee, then let's figure out how much it costs and place that into the budget for up to \$300 billion; and only after that has been costed out, so we will know what that policy is going to cost the taxpayers.

Why? If you look ahead on this chart—and on the red chart I showed you to 1999 how much we have been spending; I showed you the explosive growth here—if we do not do it right, with the right policy, if we do not include prescription drugs in Medicare, and integrate it in such a way that we have the tools that in some way can control the cost, constrain the cost, look at what is going to happen. This chart shows what is projected to happen if we do not do anything: explosive growth.

So what we are layering—again, for all people, not just seniors; seniors are about a third of this—if we superimpose and place this, without Medicare reform, on our Medicare system, we cannot look seniors in the eye and say this program is going to be around in 10 years or 15 years. It simply cannot be sustained.

I showed earlier today why that is the case. It is because we are deficit spending. We are spending more in Medicare today. If you look at Part A and Part B, Medicare in the whole, we are spending more today than we are taking in. We are deficit spending even in the Part A. The hospital trust fund will be deficit spending in 2016, but today we are running a deficit. If we superimpose, without the policy, a program of prescription drugs on Medicare without reform, I believe we are behaving irresponsibly, if we are looking at the sustainability of Medicare long-term.

Medicare's problem today: Just look at Part A. It is going bankrupt by 2029. Deficit spending in just 15 years. It only covers 53 percent today of beneficiaries' health care costs. That is right now. And that is going to get worse over time unless we modernize the system.

There is no coverage for prescription drugs. It is a generational timebomb.

We are going to be doubling the number of seniors coming into the system over the next 30 years.

Congressional mandates right now through HCFA have resulted in 135,000 pages of regulations governing that doctor-patient relationship. Medicare has simply not kept pace, in terms of quality, access, and the delivery of health care, with our private systems.

So in about 15 minutes we are going to have a choice. The choice is between two amendments, both of which address prescription drugs on the part of the Senate, in the effort, the commitment to include prescription drugs as a part of Medicare. Something, I think just about everybody agrees on. But, again, there is a right way and a wrong way.

I support Senator GRASSLEY's amendment because it says, yes, let's spend the \$153 billion that is in the underlying bill, and once we come up with the policy, which we do not have—nobody in this body has it—through the Finance Committee or from the President of the United States, if it is going to cost up to \$300 billion, we will be willing, through Senator DOMENICI and the Budget Committee, to add another \$150 billion, for a total of \$300 billion; but it has to be tied to reform, to modernization, to strengthening the system.

I oppose the Baucus amendment in large part because it does not tie it to reform in any way. It does not basically say, to engage prescription drugs responsibly and integrate it into the system, you have to modernize the system itself.

Secondly, it unnecessarily takes money out of the taxpayers' pocket. Basically, the way they have theirs worded versus the Grassley amendment, the Grassley amendment comes out of the contingency fund. The Baucus amendment takes the money away from the taxpayer by cutting the tax relief which every hard-working taxpayer American deserves today.

I believe this is a very important issue. I believe it does demonstrate the overall commitment on behalf of the Senate that prescription drugs are important, that we have an opportunity to strengthen, to improve, and to modernize the health care system for seniors, for individuals with disabilities; and we ought to seize that opportunity, but we should not behave irresponsibly and throw additional money at a problem that we have not even fully developed the policy to solve.

With that, I urge my colleagues to support the Grassley amendment and to defeat the Baucus amendment when that comes forward.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. CONRAD. I yield 2 minutes to Senator BAUCUS.

The PRESIDING OFFICER. The Senator from Montana is recognized for up to 2 minutes.

Mr. BAUCUS. Mr. President, I listened very closely to my good friend

from Tennessee. I, first, want to make it very clear that the amendment I am offering does contemplate reform, because I do believe we need to move this year to begin Medicare reform at the same time we are providing prescription drug benefits. I want to clear the air on that.

Second, I do not want to belabor this argument. We will be voting very soon. But just to remind Senators, there is a big difference between my amendment and the amendment on the other side. We have the same number of dollars \$300 billion for a prescription drug benefit. But the amendment offered by Senator GRAHAM and I is definite. It prescribes a prescription drug benefit. The other amendment says "maybe," and maybe out of a contingency fund.

I want to make this point because it is so glaringly true. We all know there "ain't" no money in the contingency fund. There just "ain't." And the reason is because it has been called for so many times—whether for such reasonable things as agricultural provisions, disaster assistance or other provisions in the Tax Code. There isn't going to be a contingency fund by any stretch of the imagination. It is just a hope and a prayer at best. Or else it comes out of the hospital insurance trust fund. And, of course, that is not a great option.

So essentially what it comes down to is this: You have a choice, Senators: You vote for a prescription for prescription drugs or you say: Call me in the morning. That is the choice.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from Iowa.

Mr. GRASSLEY. I think I have 8 minutes left. I yield myself 4, and then Senator FRIST wants to speak again.

I will address some of the things the Senator from North Dakota and the Senator from Montana have touched on. The first is to express the philosophy behind the way we have handled this amendment, saying that the Senate budget chairman can plug in a figure after the Senate Finance Committee has produced a bill. The basis of this is that we ought to develop the policy and then put in the amount of money it takes to carry out the policy.

I have no crystal ball to tell me what amount might be necessary for a bill. My friends on the other side have this crystal ball telling them we must have \$311 billion for Medicare. They are going to develop a policy around a certain amount of money. I don't think that is the way to do business.

Another difference between these approaches is that they are going to reduce the amount of tax relief that goes to working men and women by some \$158 billion. We will use the reserve fund, meaning the money that is left over. After we take out \$153 billion of the surplus for Medicare and \$1.6 trillion for tax cuts, there is still \$900 billion left. Ever since the President proposed his budget, we all understood that some of this left over money

would be used for prescription drugs. We are not going to deny the working men and women of this country a tax break that they deserve. We have the money to fund this, but we don't know how much money we need just yet.

We think it is wise to develop the policy first and then pay for the policy you develop, rather than putting up X number of dollars, such as our opposition does, and then building some policy around it.

Now, reading my amendment, my opponents came up with the idea that this amendment is too flexible. Well, flexibility does not mean inaction. Our Senate Finance Committee is going to produce a prescription drug program for senior citizens and at the same time make incremental improvements and changes to Medicare. So he may speak about flexibility. The insinuation is that that is an excuse for no action. The last election was all about prescription drugs. The last election was a mandate to deliver on that. This President is committed to delivering on that, and we are going to.

I yield myself 1 more minute. I point out to my friend from Montana that his amendment doesn't guarantee a Medicare prescription drug benefit any more than mine. We leave opportunities to develop Medicare policy just as they do. Now, let me just chime in for a second and thank Senator SMITH of Oregon for joining me on this amendment.

Now let me address the accusation by my colleague from North Dakota that the amendment I offer today raids the Medicare trust fund. This is absolutely ludicrous. I want to make clear that under my amendment the Medicare surplus will continue to go into the Medicare trust fund. The Medicare trust fund is just like a bank account. When you make a deposit, it increases the balance in your account, and only you can take that money out. But this does not mean that the bank can't use that money to make loans and pay expenses. In fact, that is exactly what any good bank does. At the end of the day, when you go to take your money out of the bank, it is there, because the bank has to make good. When it comes to the Medicare trust fund, the Government has to make good too. My amendment does nothing to change that.

I yield the remainder of the time we have to the Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. FRIST. Mr. President, how much time remains?

The PRESIDING OFFICER. Two minutes 40 seconds.

Mr. FRIST. On the other side?

The PRESIDING OFFICER. Three minutes 12 seconds.

Mr. FRIST. Mr. President, I very briefly will summarize again my support for the Grassley amendment and my opposition to the amendment offered by the Senator from Montana.

Very quickly: What does the Domenici substitute have in it? It is very im-

portant because this reflects the commitment of President Bush and the Senate budget proposal that is before us.

No. 1, in year 1, fiscal year 2002, for Medicare, we will be spending \$229 billion. In year 10, when we march out 10 years, that will be increased to \$459 billion. That is an increase of 111 percent, an average annual increase of over 7½ percent. That means over the next 5 years in Medicare, in hopefully a modernized, strengthened, improved program, we will be spending \$1.3 trillion and, over the next 10 years, \$3.3 trillion.

What the Grassley amendment does is basically this. It says in this process of modernization—it is carefully linked to modernization—we can have up to another \$150 billion over that period of time after the policy is formulated by the President of the United States or by the Senate Finance Committee. That is acting responsibly. It recognizes that policy has not been discussed to the degree it needs to for us to in any way project what coverage for prescription drugs will be.

I support the Grassley amendment because it allows a total of \$300 billion if we modernize, and it says it right in the amendment. I oppose Senator BAUCUS's approach because it takes the money from the taxpayers unnecessarily—that same \$300 billion. And No. 2, it does not link it to modernization. We just heard that it does, but if you read it, nowhere in the Baucus amendment does it say anything about modernizing, strengthening or improving the program.

I am very pleased, very proud of the amendment before us. I urge the support of all of our colleagues for the Grassley amendment, with opposition to the Baucus amendment.

I reserve the remainder of our time.

Mr. CONRAD. Mr. President, I yield 1 minute to the Senator from Florida.

Mr. GRAHAM. Mr. President, in my 60 seconds let me say there are two areas of agreement. Apparently we have now agreed that it is going to take in the range of \$300 billion over 10 years to have a credible prescription drug benefit. That is a significant advance. No. 2, frankly, there is no disagreement with the fact that we should strive to reform Medicare. We all start with exactly the same language, which is on page 49 of the amendment, which talks about the Finance Committee reporting reforms in Medicare.

What we also heard in our most recent hearing on this subject is that the most anybody has ever suggested that reform could amount to would be approximately \$50 billion in a \$3 trillion Medicare program over the next 10 years. Let's not exaggerate what kind of savings we are going to get.

Where we disagree is how we are going to finance this.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. CONRAD. I yield an additional 30 seconds to the Senator from Florida.

Mr. GRAHAM. Where we disagree is how we should finance this. What the Republicans are saying is we should do this by essentially using the Part A trust fund. That is the trust fund which people have paid in through their payroll tax and from which they have an expectation of receiving—to read from the Medicare benefits booklet—hospital stays, skilled nursing facilities, home health care, hospice care, and blood care—all the things which are financed out of the Part A trust fund. That is what is going to be raided as we try to now finance a major prescription drug benefit.

We should stay with the proposal of the Senator from Montana to finance this responsibly by reducing by less than 10 percent the projected tax reduction.

The PRESIDING OFFICER (Mr. SMITH of Oregon). The Senator from Maine.

Ms. SNOWE. Mr. President, I am delighted to co-sponsor this amendment with Senator DOMENICI, the distinguished chairman of the Budget Committee, and Senator GRASSLEY, chairman of the Finance Committee. This amendment has a simple but critical purpose: to increase by \$147 billion the reserve fund in this resolution for a Medicare prescription drug benefit and Medicare reform. That is, this amendment would nearly double the reserve fund to \$300 billion, with monies coming from the on-budget surplus.

Let me note that nothing in this amendment commits Congress to spend the entire reserve fund. Indeed, in truth we do not yet know what additional resources will be needed. We will know better when the Congressional Budget Office reports estimates several weeks from now on a variety of Medicare reform and prescription drug proposals.

In short, this additional reserve amount will help ensure that the President and Congress will have sufficient resources to enact both a prescription drug benefit and other badly needed Medicare improvements this year.

I am sure my colleagues are very aware of the need for prescription drug coverage, I think the facts underlying this national problem for our nation's senior citizens bear repeating.

When Medicare was created in 1965, it emphasized the private health insurance model of the time, inpatient health care. In fact, the original Johnson Administration Medicare proposal was only for hospital care. Doctor's services, and other outpatient care, was added by Congress as a voluntary program.

Today, thirty-six years later, Medicare, although a great blessing to our nation's seniors, is sadly out of date. It is past time to bring Medicare "back to the future" by providing our seniors with prescription drug coverage. Indeed, hardly a day goes by without some announcement of a new and exciting breakthrough in drug therapy, breakthroughs that promise better care for millions of Americans.

The lack of a prescription drug coverage benefit is the biggest hole, a black hole really, in the Medicare system. HCFA will tell you that up to 65 percent of Medicare beneficiaries have drug coverage from other sources. But that number simply doesn't tell the whole story.

Specifically, fourteen percent of Medicare beneficiaries get drug coverage from one of the three Medigap policies that cover drugs. Two of these policies require a \$250 deductible and then only cover 50 percent of the cost of the drug with a \$1,250 cap. Needless to say, you can reach that cap awfully fast with today's drug prices.

The third policy provides a cap of \$3,000 but the premium ranges anywhere from \$1,699 to \$3,171 depending on where you live. That is a lot of money for someone living on a fixed income.

About 15 percent of seniors get drug coverage from participating in Medicare HMOs. However, we know the Medicare+Choice program has been under great pressure over the last few years, making this source of prescription drugs less reliable.

And another 16 percent receive coverage from Medicaid. Of course to do that, they must be very low-income to begin with and may have to spend a great deal out of pocket for their drugs, what we commonly refer to as "spending down", before they are eligible in a given year for coverage.

Finally, there are those lucky enough, 29 percent, to have employer sponsored drug coverage through their retiree program.

Medicare fails today's elderly patients in other ways. The preventive care services offered under Medicare, while greatly expanded, are still insufficient to help seniors remain healthy, and therefore avoid more expensive care later. And routine services such as annual physicals, vision tests and hearing aids are not covered.

Medicare also only provides limited financial protection. Indeed, we must always remember that Medicare is not just about health care, but protection against potentially high costs of health care. The program has a fee-for-service cost-sharing structure that still leaves seniors vulnerable to high costs. Indeed, the traditional fee-for-service Medicare program covers only 53 percent of the average senior's annual medical expenses.

Moreover, management of the Medicare program is burdened by vast bureaucratic complexity and operates in a non-competitive, inefficient manner. It lacks the flexibility to operate differently.

Medicare's financing and accounting is confusing. Medicare currently maintains separate trust funds, one for inpatient hospital and post-acute care, and one for physician fees and other outpatient costs. This separation leads to misleading assessments of Medicare's financial status and again reflects a different era of medicine. There is irrefutable evidence that Medicare's

finances are not sustainable or affordable in the long-term.

I daresay that no one in this chamber would disagree that Medicare needs improvements. This amendment will make reform possible.

I also want to take this opportunity to acknowledge the leadership of the President on Medicare reform. The President has laid down six principles, which in my view are the starting point for our efforts. The President is preserving committed Medicare's guarantee of access to seniors. Every Medicare recipient must have a choice of health plans, including the option of purchasing a plan that covers prescription drugs. Medicare must cover expenses for low-income seniors. Reform must provide streamlined access to the latest medical technologies. Medicare payroll taxes must not be increased. And reform must establish an accurate measure of the solvency of Medicare.

The funding for this amendment would come from the on-budget surplus. I know that is a particular problem for some Members across the aisle, because that surplus represents cash from HI payroll tax. Of course, HI taxes are credited first to the HI trust fund, so there is no solvency impact.

But for those Members who believe that this source of funds is a problem, let me simply point out that in 1972, when the Finance Committee first reported Medicare outpatient drug provisions, those provisions would have been funded directly from the HI payroll tax.

I urge all Senators who believe as I do that we must add a Medicare prescription drug plan and improve Medicare in other ways to vote for this amendment.

Mr. CONRAD. Mr. President, how much time is remaining on our side?

The PRESIDING OFFICER. One minute 15 seconds.

Mr. CONRAD. Mr. President, it has come down to this: We both agree roughly on the amount of money necessary to fund a meaningful prescription drug benefit.

Our friends on the other side of the aisle are \$300 billion; we are at \$311 billion. There is not much difference there.

There is a profound difference on how to fund that amount of money. We say do not use the trust funds of Social Security or Medicare. Our friends on the other side of the aisle say raid the Medicare trust fund, which we believe is a profound mistake. We ought to fund this proposal, but we ought to do it the right way. We ought to do it the fiscally responsible way. We ought to do it without raiding a dime of trust fund money.

That is our proposal. That, I believe, deserves the support of our colleagues. I reserve the remainder of my time.

Mr. DOMENICI. Mr. President, how much time does the Senator have remaining?

The PRESIDING OFFICER. Eighteen seconds. Who yields time? The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I yield myself the rest of the 18 seconds.

Remember, our amendment uses Medicare money for Medicare. Part A Medicare money is going to be used for Medicare. Part B Medicare money is going to be used for Medicare. We are even going to put general fund money in there to use for Medicare.

How much more do you want? We're putting medicare money aside for Medicare and we're putting extra money aside for Medicare. How much plainer can it be?

The PRESIDING OFFICER. The Senator's time has expired.

Mr. CONRAD. It could be clearer if you did not raid the Medicare trust fund for a new benefit, a new promise, when you need the Medicare trust fund money to keep the previous promises. That is how clear it is.

Mr. GRASSLEY. Have you ever heard money is fungible?

The PRESIDING OFFICER. The question is on agreeing to amendment No. 173. The clerk will call the roll.

The assistant legislative clerk called the roll.

The VICE PRESIDENT. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 50, nays 50, as follows:

[Rollcall Vote No. 65 Leg.]

YEAS—50

Allard	Frist	Murkowski
Allen	Gramm	Nickles
Bennett	Grassley	Roberts
Bond	Gregg	Santorum
Brownback	Hagel	Sessions
Bunning	Hatch	Shelby
Burns	Helms	Smith (NH)
Campbell	Hutchinson	Smith (OR)
Cochran	Hutchison	Snowe
Collins	Inhofe	Specter
Craig	Jeffords	Stevens
Crapo	Kyl	Thomas
DeWine	Lott	Thompson
Domenici	Lugar	Thurmond
Ensign	McCain	Voinovich
Enzi	McConnell	Warner
Fitzgerald	Miller	

NAYS—50

Akaka	Dayton	Levin
Baucus	Dodd	Lieberman
Bayh	Dorgan	Lincoln
Biden	Durbin	Mikulski
Bingaman	Edwards	Murray
Boxer	Feingold	Nelson (FL)
Breaux	Feinstein	Nelson (NE)
Byrd	Graham	Reed
Cantwell	Harkin	Reid
Carnahan	Hollings	Rockefeller
Carper	Inouye	Sarbanes
Chafee	Johnson	Schumer
Cleland	Kennedy	Stabenow
Clinton	Kerry	Torricelli
Conrad	Kohl	Wellstone
Corzine	Landrieu	Wyden
Daschle	Leahy	

The VICE PRESIDENT. On this vote, the yeas are 50 and the nays are 50. The Senate being equally divided, the Vice President votes in the affirmative, and the amendment is agreed to.

Mr. GRAMM. Mr. President, I move to reconsider the vote.

Mr. GRASSLEY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 172

The VICE PRESIDENT. Under the previous order, there will now be 2 min-

utes of debate on the Baucus amendment.

The Senator from Montana is recognized.

Mr. DOMENICI. I ask unanimous consent that the next vote be 10 minutes.

The VICE PRESIDENT. Is there objection? Without objection, it is so ordered.

The Senator from Montana is recognized.

Mr. CONRAD. Mr. President, I think at this point it would be appropriate to welcome the Vice President to the Chamber. We are glad you are here. We hope you will stick around to break the next tie.

The VICE PRESIDENT. I say to the Senator from North Dakota that is my intention.

Mr. DOMENICI. Mr. President, don't say that. The next time we want you in the Chair, we will spread the word to you.

The VICE PRESIDENT. Who yields time? The Senator from Montana.

Mr. BAUCUS. Mr. President, I congratulate those who voted for this amendment, because we have now established that we want a \$300 billion prescription drug benefit plan over 10 years. Several hours ago, we were at \$153 billion. According to the budget resolution, we are now at \$300 billion. So there is agreement.

The amendment now pending basically says, OK. Since we have agreement in theory on what the amount should be, let's now lock it in and make sure that the money is, in fact, there. The amendment offered by Senator GRAHAM and I does that. It locks in the money by telling the Finance Committee to come up with a prescription drug bill, by taking just a small sliver \$158 billion out of the \$1.6 trillion tax bill for prescription drugs. That, with the \$153 billion already in the budget resolution, provides \$311 billion to give seniors what they need—a meaningful prescription drug benefit.

Now that we have established \$300 billion, let's make sure that we put our money where our mouth is. Let's lock the money away instead of providing a hope and prayer that the dollars are going to be there for the prescription drug benefit.

The PRESIDING OFFICER (Mr. SMITH of Oregon). The Senator from New Mexico.

Mr. DOMENICI. Mr. President, let me just say this is a typical amendment from that side of the aisle. They would say to our President that we don't like your tax cut, and we want to take \$156 billion of it and we want to spend it. They would say they are spending it for some very special purpose. But we can accomplish the same without diminishing what our taxpayers should be getting. They should be getting the President's \$11.6 trillion over the next 10 years.

It is plain and simple. This amendment reduces that by \$156 billion and puts it in an account to be spent.

Whatever they are going to spend it for, it is the beginning of a tax-and-spend approach on the floor for the remaining 2½ or 3 days.

I hope on our side we stay fast. We all voted. We ought to vote the same way. In this instance, it is a "no" vote on our side, and they will not prevail, if you will just do what you did. Do it one more time.

I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. BAUCUS. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second. The clerk will call the roll.

The legislative clerk called the roll.

The PRESIDING OFFICER (Mr. VOINOVICH). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 50, nays 50, as follows:

[Rollcall Vote No. 66 Leg.]

YEAS—50

Akaka	Dayton	Levin
Baucus	Dodd	Lieberman
Bayh	Dorgan	Lincoln
Biden	Durbin	Mikulski
Bingaman	Edwards	Murray
Boxer	Feingold	Nelson (FL)
Breaux	Feinstein	Nelson (NE)
Byrd	Graham	Reed
Cantwell	Harkin	Reid
Carnahan	Hollings	Rockefeller
Carper	Inouye	Sarbanes
Chafee	Johnson	Schumer
Cleland	Kennedy	Stabenow
Clinton	Kerry	Torricelli
Conrad	Kohl	Wellstone
Corzine	Landrieu	Wyden
Daschle	Leahy	

NAYS—50

Allard	Frist	Murkowski
Allen	Gramm	Nickles
Bennett	Grassley	Roberts
Bond	Gregg	Santorum
Brownback	Hagel	Sessions
Bunning	Hatch	Shelby
Burns	Helms	Smith (NH)
Campbell	Hutchinson	Smith (OR)
Cochran	Hutchison	Snowe
Collins	Inhofe	Specter
Craig	Jeffords	Stevens
Crapo	Kyl	Thomas
DeWine	Lott	Thompson
Domenici	Lugar	Thurmond
Ensign	McCain	Voinovich
Enzi	McConnell	Warner
Fitzgerald	Miller	

The amendment (No. 172) was rejected.

Mr. LOTT. I move to reconsider the vote.

Mr. CRAIG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMENICI. Mr. President, we are finishing reading a unanimous consent request I will make, but I want to let the ranking member finish reading it. I suggest the absence of a quorum for 1 minute.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, on behalf of the leader and after conferring with the minority, I ask unanimous consent that Senator GRASSLEY be recognized to offer an amendment relative to agriculture and, following the reporting by the clerk, the amendment be laid aside and Senator JOHNSON be recognized to offer an amendment regarding agriculture.

I further ask unanimous consent that the debate tonight run concurrently on both first-degree amendments and the Senate resume debate at 9 a.m. on Wednesday, and the time between 9 a.m. and 10:30 a.m. be equally divided for closing remarks on the agriculture issue.

I further ask unanimous consent that no amendments be in order prior to the votes just described, the votes occur in a stacked sequence beginning at 10:30 a.m., with 2 minutes prior to each vote for explanation, and the first vote occur in relation to the Grassley amendment, to be followed by a vote in relation to the Johnson amendment.

I also ask unanimous consent that following those votes, Senator HARKIN be recognized to offer an amendment relative to education.

Finally, I ask unanimous consent that when the Senate resumes consideration of the concurrent resolution on Wednesday, there be 35 hours remaining for consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, on behalf of the leader, I make the following statement for the information of all Senators. In light of this agreement, there will be no further votes this evening. Any Senator with an interest in agriculture and agricultural issues is urged to remain tonight to debate the issue. The next votes will occur in a stacked sequence at 10:30 a.m. tomorrow.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I thank the chairman of the Budget Committee for working through this procedure in a fair way and an efficient way. We have used the time relatively well today.

We now have scheduled the next two amendments, or really three amendments because there will be two first-degree amendments on agriculture and then we will go to an education amendment. We also are scheduled to vote on agriculture with time to debate that both this evening and tomorrow.

I want to send a clear message to those colleagues who are concerned about agriculture, as the chairman described. My colleagues need to be here tonight to discuss this issue because there will be limited time tomorrow morning. We will have only an hour and a half when we come back in tomorrow morning to conclude debate on this important set of amendments.

If there are colleagues on either side of the aisle who are concerned about agriculture and want to participate in that debate, they need to know tonight affords the best opportunity because there will be limited time tomorrow.

I thank the Chair and yield the floor. The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, obviously I am going to yield to my over-used colleague who was asked to offer the last amendment because it came within the jurisdiction of his Finance Committee. Tonight we ask that he offer the Republican amendment, the bipartisan amendment on behalf of agriculture, because he is an expert on agriculture and a lot of people listen attentively to what he has to say.

I yield the floor to Senator GRASSLEY, and he can offer the amendment we have been discussing.

AMENDMENT NO. 174

Mr. GRASSLEY. Mr. President, I send an amendment to the desk for myself, Senator MILLER, and Senator DOMENICI.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Iowa, [Mr. GRASSLEY], for himself, Mr. MILLER, and Mr. DOMENICI, proposes an amendment numbered 174.

Mr. GRASSLEY. I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 4, line 1, increase the amount by \$5,112,000,000.
On page 4, line 2, increase the amount by \$7,810,000,000.
On page 4, line 3, increase the amount by \$8,202,000,000.
On page 4, line 4, increase the amount by \$8,658,000,000.
On page 4, line 5, increase the amount by \$9,129,000,000.
On page 4, line 6, increase the amount by \$8,611,000,000.
On page 4, line 7, increase the amount by \$9,101,000,000.
On page 4, line 8, increase the amount by \$8,591,000,000.
On page 4, line 9, increase the amount by \$8,047,000,000.
On page 4, line 10, increase the amount by \$7,470,000,000.
On page 4, line 11, increase the amount by \$7,885,000,000.
On page 4, line 15, increase the amount by \$5,112,000,000.
On page 4, line 16, increase the amount by \$7,810,000,000.
On page 4, line 17, increase the amount by \$8,202,000,000.
On page 4, line 18, increase the amount by \$8,658,000,000.
On page 4, line 19, increase the amount by \$9,129,000,000.
On page 4, line 20, increase the amount by \$8,611,000,000.
On page 4, line 21, increase the amount by \$9,101,000,000.
On page 4, line 22, increase the amount by \$8,591,000,000.
On page 4, line 23, increase the amount by \$8,047,000,000.
On page 5, line 1, increase the amount by \$7,470,000,000.

On page 5, line 2, increase the amount by \$7,885,000,000.

On page 5, line 6, decrease the amount by \$5,112,000,000.

On page 5, line 7, decrease the amount by \$7,810,000,000.

On page 5, line 8, decrease the amount by \$8,202,000,000.

On page 5, line 9, decrease the amount by \$8,658,000,000.

On page 5, line 10, decrease the amount by \$9,129,000,000.

On page 5, line 11, decrease the amount by \$8,611,000,000.

On page 5, line 12, decrease the amount by \$9,101,000,000.

On page 5, line 13, decrease the amount by \$8,591,000,000.

On page 5, line 14, decrease the amount by \$8,047,000,000.

On page 5, line 15, decrease the amount by \$7,470,000,000.

On page 5, line 16, decrease the amount by \$7,885,000,000.

On page 5, line 19, increase the amount by \$5,112,000,000.

On page 5, line 20, increase the amount by \$12,922,000,000.

On page 5, line 21, increase the amount by \$21,124,000,000.

On page 5, line 22, increase the amount by \$29,782,000,000.

On page 5, line 23, increase the amount by \$38,911,000,000.

On page 5, line 24, increase the amount by \$47,522,000,000.

On page 5, line 25, increase the amount by \$56,623,000,000.

On page 6, line 1, increase the amount by \$65,213,000,000.

On page 6, line 7, increase the amount by \$5,112,000,000.

On page 6, line 8, increase the amount by \$12,922,000,000.

On page 6, line 9, increase the amount by \$21,124,000,000.

On page 6, line 10, increase the amount by \$29,782,000,000.

On page 6, line 11, increase the amount by \$38,911,000,000.

On page 6, line 12, increase the amount by \$47,522,000,000.

On page 6, line 13, increase the amount by \$56,623,000,000.

On page 6, line 14, increase the amount by \$65,213,000,000.

On page 17, line 23 increase the amount by \$350,000,000.

On page 17, line 24 increase the amount by \$350,000,000.

On page 18, line 24, increase the amount by \$350,000,000.

On page 18, line 2, increase the amount by \$350,000,000.

On page 18, line 3, increase the amount by \$350,000,000.

On page 18, line 6, increase the amount by \$350,000,000.

On page 18, line 7, increase the amount by \$350,000,000.

On page 18, line 10, increase the amount by \$350,000,000.

On page 18, line 11, increase the amount by \$350,000,000.

On page 18, line 14, increase the amount by \$350,000,000.

On page 18, line 15, increase the amount by \$350,000,000.

On page 18, line 18, increase the amount by \$350,000,000.

On page 18, line 19, increase the amount by \$350,000,000.

On page 18, line 19, increase the amount by \$350,000,000.

On page 18, line 22, increase the amount by \$350,000,000.

On page 18, line 23, increase the amount by \$350,000,000.

On page 19, line 2, increase the amount by \$350,000,000.

On page 19, line 3, increase the amount by \$350,000,000.

On page 19, line 6, increase the amount by \$350,000,000.

On page 19, line 7, increase the amount by \$350,000,000.

On page 19, line 10, increase the amount by \$350,000,000.

On page 19, line 11, increase the amount by \$350,000,000.

On page 19, line 15, increase the amount by \$5,000,000,000.

On page 19, line 16, increase the amount by \$5,000,000,000.

On page 19, line 19, increase the amount by \$7,000,000,000.

On page 19, line 20, increase the amount by \$7,000,000,000.

On page 19, line 23, increase the amount by \$7,000,000,000.

On page 19, line 24, increase the amount by \$7,000,000,000.

On page 20, line 2, increase the amount by \$7,000,000,000.

On page 20, line 3, increase the amount by \$7,000,000,000.

On page 20, line 6, increase the amount by \$7,000,000,000.

On page 20, line 7, increase the amount by \$7,000,000,000.

On page 20, line 10, increase the amount by \$6,000,000,000.

On page 20, line 11, increase the amount by \$56,000,000,000.

On page 20, line 14, increase the amount by \$6,000,000,000.

On page 20, line 15, increase the amount by \$6,000,000,000.

On page 20, line 18, increase the amount by \$5,000,000,000.

On page 20, line 19, increase the amount by \$5,000,000,000.

On page 20, line 22, increase the amount by \$4,000,000,000.

On page 20, line 23, increase the amount by \$4,000,000,000.

On page 21, line 2, increase the amount by \$3,000,000,000.

On page 21, line 3, increase the amount by \$3,000,000,000.

On page 21, line 6, increase the amount by \$3,000,000,000.

On page 21, line 7, increase the amount by \$3,000,000,000.

On page 41, line 15, increase the amount by \$112,000,000.

On page 41, line 16, increase the amount by \$112,000,000.

On page 41, line 19, increase the amount by \$460,000,000.

On page 41, line 20, increase the amount by \$460,000,000.

On page 41, line 23, increase the amount by \$852,000,000.

On page 41, line 24, increase the amount by \$852,000,000.

On page 42, line 2, increase the amount by \$1,308,000,000.

On page 42, line 3, increase the amount by \$1,308,000,000.

On page 42, line 6, increase the amount by \$1,779,000,000.

On page 42, line 7, increase the amount by \$1,779,000,000.

On page 42, line 10, increase the amount by \$2,261,000,000.

On page 42, line 11, increase the amount by \$2,261,000,000.

On page 42, line 14, increase the amount by \$2,751,000,000.

On page 42, line 15, increase the amount by \$2,751,000,000.

On page 42, line 18, increase the amount by \$3,241,000,000.

On page 42, line 19, increase the amount by \$3,241,000,000.

On page 42, line 22, increase the amount by \$3,697,000,000.

On page 42, line 23, increase the amount by \$3,697,000,000.

On page 43, line 2, increase the amount by \$4,120,000,000.

On page 43, line 3, increase the amount by \$4,120,000,000.

On page 43, line 6, increase the amount by \$4,535,000,000.

On page 43, line 7, increase the amount by \$4,535,000,000.

Mr. GRASSLEY. Mr. President, I rise to offer a fair and very generous bipartisan agricultural amendment. I am a family farmer. To be fair to my son, my son makes most of the decisions and does most of the work; I try to help him on weekends. I see my role on weekends as being a hired man for my son because I don't live with it every day as he does and I want to rely upon his expertise. But I do have that background and I bring that background to my colleagues to show some understanding and sensitivity that we all ought to have toward the family farmer and agriculture in general.

I know what the agricultural community is currently going through. I think the plan in this amendment will address the immediate needs to stabilize net income, provide enough funding to significantly strengthen a future counter-cyclical program, offer additional money for regulatory relief, enhance conservation efforts, and is fiscally responsible.

Some Members might wonder why it is tough to be a farmer in our current agricultural community. Why, without Government assistance, net income, cash income for the farm is projected to fall to \$50.7 billion, which is \$4.1 billion below the 1990 to 2000 average of \$54.8 billion.

I will lay out some factors. First, input cost. Natural gas prices have recently hit record highs, directly impacting farm fertilizer prices and availability. Almost all of the nitrogen we get for the record corn crops we raise in our State comes from anhydrous ammonia, made from natural gas. The cost is passed through to the farmer.

Due to the past administration's inability to enact a workable energy policy, farmers were left to cope with significant fluctuations in price and demand. These fluctuations have dramatically increased the cost of hydrogen fertilizers and these increased input costs will certainly have a substantial impact on corn producers across the Nation during the coming growing season.

After input costs, it is legitimate to bring up the issue of regulations and their increase in costs. We have the Environmental Protection Agency preparing to implement new rules for concentrated animal feeding operations which will impact an estimated 376,000 confined livestock operations in our country. For example, the costs incurred for compliance for cattlemen could average well over \$100,000 per farm. The costs would involve structural measures, engineering fees, and

the development of a comprehensive nutrient management plan.

After regulations comes low commodity prices. These are probably the most obvious of all things that people in the city read about regarding the farm income situation. Today in my hometown of New Hartford, IA, where we deliver our corn and soybeans, the cash price for corn is \$1.78 and \$4.03 for soybeans. These are not lucrative margins. The lack of profitability and production hurts. Three years in a row of low prices—except for soybeans—are lower now than ever before. These low prices have been the rule for the last 3 years. These low prices can actually take some of the best farmers to the breaking point.

After low commodity prices, we have the frustration with the international trade of agricultural products. The European Union still spends a huge amount on agricultural export subsidies. These subsidies of the European Community are the most trade distorting, even trade disruptive, of all agricultural policies. They depress the prices that would otherwise apply to commercial trade. In so doing, they harm the ability of our farmer to compete with European farmers in third country markets. They also reduce the incentive to engage in more efficient production.

The truth is, until we get the European Union to agree to reduce its excessive spending on export subsidies, we will not be as competitive as we could be and should be in world agricultural markets. As a result, our farmers will continue to get lower prices in world agricultural products as long as the American farmer is competing against the German treasury, as opposed to competing against the German farmer. We can compete against that farmer, but it is very difficult to compete against the German treasury.

The best way we can address this problem is to launch a comprehensive new round of multilateral trade negotiations at the World Trade Organization ministerial meeting in Qatar and engage the Europeans directly on this issue. Successfully launching a new round of global trade talks is hardly a sure thing. We have a lot of work to do before we can make this happen. I am not certain we have the necessary international political consensus on this point. Even if we were to advance that new round right now, it would still be a few years before we would see the economic impact, assuming—and you cannot always assume—that American agriculture will win at the bargaining table the way we hope we will win.

We do get victories. Over a period of time we have seen trade distorting practices on agriculture and tariffs on agriculture come down—quite frankly, not as much in the agricultural area as they have come down in almost every other area of manufactured products and services.

We have another trade frustration, and that is the country of China. Currently, negotiations on China's access to the World Trade Organization are stalled in Geneva because China is insisting on claiming developing country status with respect to their agriculture. This would mean that China would be entitled to exempt a higher proportion of trader distorting domestic support spending from the agreed upon caps on such spending than it would be if China is considered to be a developed nation.

Higher domestic support for agriculture and China would mean less excess for American farm products to China. Although this is of prospective harm, not one we are facing immediately, it certainly will not help our farmers if we don't get China to change its position. This isn't something for which we have to wait 5 years. These sorts of negotiations of China's success to the World Trade Organization are going on at various times now or in certain periods of the near months we are in and the months that have passed. This is something that China is going to have to agree to if they expect to get in the World Trade Organization, that they are coming in as a developed nation to meet fully their responsibilities in the World Trade Organization, not begging for some special treatment.

The list of factors affecting the agricultural economy does not detail all of the reasons that our agricultural economy is failing. But it does lay out a number of good reasons why we should be concerned about the strength of the family farms. Our amendment adds \$63.5 billion to agriculture's mandatory Commodity Credit Corporation price supports, related programs, and conservation.

Adding this \$63.5 billion to the existing \$94.2 billion already in the baseline will add up to \$150.7 billion in the support for the agricultural economy over the next 10 years of this budget resolution. I believe the additional budget authority provided in the baseline will allow the Agriculture Committee to begin the process of establishing the parameters for our next farm bill. In the interim, the \$5 billion provided in fiscal year 2001, the year we are in now, and the \$7.35 billion provided for economic assistance, will help farmers survive.

I know my friends and neighbors of Iowa need assistance and a better counter-cyclical program; that is, improvements in the farm program. When we use the word "counter-cyclical," that implies that there will not have to be a dependence upon Congress from year to year voting additional money, but there would be a program that would kick in under circumstances of lower prices.

I also know we need to provide this assistance in a fashion that improves our fiscal responsibility. Massive cash infusions are not the long-term answer to the challenges facing the American

farmer. The 1996 farm bill was not created under the assumption that it was the only tire on the wagon. When we passed the 1996 bill, it was supposed to be supported by tax relief and assistance, like the farmers savings accounts legislation that I have continuously introduced and was in a bill the President vetoed last year, and hopefully will be in a bill the new President will sign.

In addition to that, we promised in 1996 increased trade opportunities but, in the period of time since then, we failed to pass trade promotion authority for the President. We also took too long to give farmers new and improved risk management options which, just last year, 4 years late, after it was promised, we finally passed a new crop insurance program.

Due to partisan opposition regarding free trade and tax relief, the only additional wheel that has been placed on this wagon is this crop insurance reform I talked about, and the Government was a long time getting that passed. Any farmer knows if you only have two wheels on a four-wheeled wagon, it does not roll along very well. So if there is, during this debate, criticism of the 1996 farm bill—and there can be some legitimate criticism of the 1996 farm bill—remember, it should not be judged as the total product we promised the farmers in 1996 because what we provided for was a safety net. We found out 3 years later that safety net had some holes in it. We had to pass in 1998, 1999, and 2000, as we are doing now for the year 2001, some patching of that safety net, not because that is something we knew needed to be done in 1996, but because it was a promise that we made in 1996 that there would be a safety net there for farmers, and the money that was provided in 1996 for each of the next 7 years was not enough money. Keeping our promise to the family farmers, we enhanced that in 1998, 1999, 2000, and we will do it again in 2001.

So if there is criticism of the 1996 farm bill, remember that we have, in fashioning past farm bills, when there was a crisis we didn't anticipate when the bill was passed, we supplemented. Go back to 1985, 1984, 1986, in that period of time when we put the "payment in kind" program in place. We did not anticipate using that, but because of the low prices, we did.

We did not anticipate using paid diversions to take land out of production, but we used those. They were additional supplemental payments that were not anticipated.

So it does not matter whether it is the 1996 farm bill or the 1990 farm bill or the 1985 farm bill or the 1981 farm bill. When you look ahead 5 years, or as we did in 1996, 7 years, nobody expects you to anticipate all the problems farmers are going to have and write a bill that is going to anticipate it all. But somehow I think people want to leave the impression that is what was intended in 1996. There isn't anybody

who has that sort of clairvoyance. So, consequently, we have to act from time to time. That is exactly what we are doing here with this amendment.

The other thing I do not want to hear criticism of is that we did not include the farmers savings account as was promised in 1996. We did not give other trade opportunities as was promised in 1996. We did not provide crop insurance in 1996 as we promised in 1996. We delivered on that in the year 2000. And there are other issues as well. So we have to keep this in perspective.

We have to get those four wheels on the wagon so it rolls along well. As chairman of the Senate Finance Committee, I am committed to providing the much needed tax relief and expand the opportunities our farmers need. But the Congress also made a pledge to family farmers that they would experience this transition throughout the 1996 farm bill. The fact we could not get the wheels on the wagon, coupled with the disastrous recession experienced by our eastern Asian trading partners, which triggered significant slumps in demand for our agricultural commodities has forced the Congress to provide assistance.

If during this period of time the Federal Reserve Board had been a little bit more concerned about liquidity as opposed to inflation, we would have had a little easier and better time as well.

In addition, this amendment works hand in hand then with the \$1.6 trillion tax relief package we hope to pass through the Senate Finance Committee. This tax cut package will help American farmers in several ways. First and foremost, farmers generally do business as proprietors, partners, and in subchapter S corporations.

That means marginal rate cuts through this tax bill will help farmers.

Second, many family farmers cannot pass on the farm to their children because of the death tax. The Bush tax cut would rid us of this death tax.

Finally, there are tax cuts such as the farmer savings accounts, to which I have already alluded three times, that will help farmers weather the downside of the cyclical business patterns of farming.

The assistance we provide should not lead to more problems for the family farmers. If government spending is fiscally irresponsible, we will continue to witness artificial land prices and inflated cash rents. This doesn't serve the family farmer. It only makes it more difficult for farmers who rent ground to make a profit.

I ask my colleagues to support this amendment. I particularly thank Senator MILLER of Georgia for his co-sponsorship of this amendment so that it is in fact a bipartisan amendment.

I yield the floor.

Mr. REID. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time be charged equally.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. JOHNSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON. Mr. President, I will be offering an amendment to the budget resolution pertaining to agriculture to follow on the amendment of the Senator from Iowa discussing the changes needed relative to agriculture itself. This amendment is cosponsored by my colleague, Senator CONRAD of North Dakota.

This amendment will provide permanency of farm aid for this crop year and will increase the budget for the next 10 years so that Congress can begin to fashion a new farm bill.

This amendment includes \$9 billion in emergency farm assistance for fiscal year 2001 and \$88 billion in additional agricultural assistance above the Congressional Budget Office baseline over the years 2002 to 2011, including a minimum of \$9.4 billion for farm conservation programs. This is roughly a 50-percent increase over the baseline funding for conservation.

Finally, of the \$88 billion in additional funds provided to agriculture during fiscal years 2002 through 2011, \$58 billion is provided for the fiscal years 2003 through 2007, assumed to be the first 5 years of the new farm bill and also the period when the need for additional assistance, frankly, will be greatest.

We have found an immense shortcoming in the existing farm legislation, and we have augmented that funding in recent years—3 years in a row now—with ad hoc disaster legislation. We seek to make room in this year's budget debate for the eventuality of the need for an additional augmentation to address this year's disaster in the same manner as we have in the past years.

Frankly, the budget numbers contained in this amendment will be less than what many of the farm organizations are coming to Washington contending they will need. Nonetheless, it will assure the ability of Congress to address these issues both for the coming fiscal year and during the duration of the coming farm bill.

I know there are those who will suggest that there is a contingency fund, and we can turn to that in the event those funds are needed. But the contingency fund, as outlined by the President, consists largely of Medicare trust fund dollars. And secondly, the predictable demands on those dollars—the need for increased spending for defense, for tax extenders, for alternative minimum tax reform, for pension reform, for any number of other issues which we know very well will need to be brought up during this Congress—will more than overwhelm the contingency fund. The responsible approach is, in-

stead, to provide explicitly for agriculture in the course of working up this budget resolution.

I believe there will be a significant tax cut. My constituents want a tax cut. I support a significant level of tax relief. But we need to make sure, as we approach this budget resolution, that while on the one hand we do secure the funding necessary for significant tax cut relief, particularly for middle-class and working families, at the same time we balance it in a thoughtful fashion so that we are allowed to pay down debt, strengthen Medicare, strengthen education, and, among other things, take care of our needs in rural America.

Rural America has not prospered over this past decade in the way that most of the rest of our Nation has. These have been growing times, prosperous times across much of America. Much of the rural side of our Nation has struggled under population loss, under low incomes, under staggeringly low agricultural prices, all at the same time input costs—from fertilizer to fuel—have gone through the roof.

Farmers and ranchers all across our Nation have been caught in a terrible bind these last several years, and we need, in the course of putting together this budget resolution, to make sure we have provided the necessary resources so that the Ag Committee can go on with the construction of a new farm bill and so we can avoid the uncertainty of disaster relief in the coming year.

Since 1997, our Nation's family farmers have experienced a price crisis of simply enormous proportions, perpetuated by a series of weather-related disasters in certain regions. Surplus crop production both here and abroad, weak global demand—exports are down—agribusiness consolidation resulting in a loss of market access, and an inadequate farm safety net, all of these coming together are prime reasons, in my opinion, for what is a price crisis both in the grain sector and the livestock sector of our ag economy.

Moreover, given the input-intensive nature of production agriculture, many farmers and ranchers are having to pay more each year for their critical inputs. This situation has put them in a price-cost squeeze, making it nearly impossible to earn returns that cover their expenses.

As a result of woefully inadequate farm bill price protection, Congress has enacted multibillion-dollar disaster programs over the last 3 years—in fact, a record \$28 billion in fiscal year 2000. It should be noted that direct Government payments accounted for around three-fourths of net cash income from major field crops in 1999 and for about two-thirds in the year 2000.

USDA predicts 2001 may be the worst year ever. Without supplemental income or emergency aid, USDA estimates that net farm income in 2001 could reach its lowest level since 1984—the absolute depth of the farm crisis in this Nation in recent generations.

That said, I am disappointed that the underlying budget resolution does not include funding for a new farm bill that will ensure economic security for family farmers, ranchers, and rural communities now and into the future. It is clear that the 1996 farm bill's promise to create a bridge to prosperity and less dependence upon Government assistance for farmers has been broken. Three years of costly ad hoc disaster and economic aid programs illustrate the need to revise our farm policy now and to do it in a financially responsible way.

I believe Congress can and should amend current farm policy immediately to provide a more predictable and secure safety net for family farmers. Our amendment also will provide for that opportunity.

I am pleased to join the ranking member of the Budget Committee, Senator CONRAD, to include funding in the fiscal year 2002 budget resolution so that Congress can, in fact, enact changes to the underlying farm bill and provide a more predictable and responsible safety net for our farmers and ranchers throughout this Nation.

There will be tax relief, and there will be significant tax relief. But while the President is correct that the budget surplus, to the extent that it exists, is the American people's money, it is also the American people's farm problem, the American people's education problem, the American people's debt reduction problem, the American people's crisis in any number of other areas which must be addressed in a thoughtful and responsible manner in the course of putting together this budget resolution.

It is my hope, rather than this unending partisan head knocking that has gone on here for far too long, that in fact we can reach some bipartisan ship in the creation of this budget resolution which will set the framework then for the budget and tax discussions for the remainder of this 107th Congress.

It makes no sense to me that there has been such a lack of willingness to negotiate, such a lack of willingness to bring both sides together in a bipartisan fashion. What we have here is the people's budget problem. It is one that is solvable if people of good faith will work together in a constructive fashion, understanding there is give-and-take that will be necessary on both sides.

It seems to me what is not constructive, what is not helpful, is where either side takes a "my way or the highway," "nothing is negotiable," "one side has all the wisdom in the world" kind of approach, either to agricultural policy or to any other aspect, any other component of the budget issues facing us in America today.

So I look forward to offering this amendment and to continuing debate in the future on the financial aspects of what will be required to bring rural America into the level of prosperity

and opportunity that the rest of America has enjoyed and experienced over this past decade.

Mr. President, I suggest the absence of a quorum.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. Does the Senator withhold the suggestion of the absence of a quorum?

Mr. JOHNSON. Yes, I withdraw my suggestion.

The PRESIDING OFFICER. Who yields time?

Mr. DORGAN. Mr. President, I yield myself such time as I may consume.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from North Dakota.

Mr. DORGAN. Mr. President, the underlying amendment offered by Senator GRASSLEY from Iowa and the amendment that will be offered as a counter to it is exactly what needs to be discussed when we talk about the Federal budget. What are our priorities? What do we think is important in this country? What do we as Senators and Members of the House believe ought to be done? What ranks near the top?

We come, those of us from farm country, to the Congress saying family farming is important to this country. We believe that family farming contributes something very substantial to America; it always has. There was an author who died some years ago named Critchfield who described what family farming provides to our country. He described the origin of family values coming from family farms, and rolling from family farms to small towns, to big cities, refreshing and nourishing the family values of our country. I believe that to be the case. I believe a network of food producers across this country is important to this country's strength and its security.

Some take the position that it does not matter whether we have family farmers. They say: Corporations will farm America. We don't need people living out on the land. We have dairy operations in California that milk 3,500 cows three times a day.

Those are agrifactories, not family farms. We have corporations that will buy land and have tractors big enough to plow as far as you can see. And, yes, they will produce America's food. But this country will have lost something if we decide that family farming is not important in our future. It will have lost part of its culture and its heritage.

Europe has taken a different tack, a different road.

Europe has already decided family farms are important. They want people to be able to live out on the land, to produce their food, and to be able to make a decent living producing their food. The result is, in rural Europe, farmers are doing well and small towns are thriving, as compared to this country where small towns are dying and family farmers are struggling and rural economies are shrinking like prunes.

We have an opportunity in this country to decide what kind of future we

want, what kind of an economy we want.

In speaking about farming and its culture for a moment, I come from a town of nearly 300 people. I graduated from a high school class of nine. In my hometown and towns similar to it all across the rural State of North Dakota, wonderful things result from a culture that is important to this country.

Let me give an example. In one community in North Dakota, a man and his wife run a gas station, according to news reports. But they don't want to work all day because they are of retirement age. So at about 1 o'clock in the afternoon, they close their gas station, hang the key to the gas pump on a nail by the door to their gas station, and also have a pad there so if when they are closed you need gas, you take the key, unlock the pump, fill your car, and make a note that you have taken gas. Yes, that happens in America, in rural America, in a very small town in North Dakota.

Another small town in North Dakota, as part of our rural culture, can't keep a cafe open, a town restaurant. So they have all members of the community who are able-bodied sign a sheet to say when they will work for nothing to keep the restaurant open. That is the way they have a restaurant in their town.

Another community had a grocery store close up, and so the city council decided the town would build a grocery store. I was there the day they opened it with a high school band playing on Main Street in this little town of Tuttle, ND, proud as the dickens at the new grocery store they had built for themselves. Some would call it socialism because it is not a private grocery store. The town decided to put together a little nonprofit group, and they built their own grocery store because they lost the store they had. Wonderful things happen in rural cultures where family farms support small towns.

In my home county, some long while ago, there was a robbery. In my little town a robbery is almost unheard of. It prompted the county sheriff, after investigating, to say that there had been no sign of forced entry for the cash that was stolen because the people had gone on vacation for 2 weeks and had not locked their home. Let me repeat that. The people had gone on vacation for 2 weeks and had not locked their home. Why? Because they didn't have a key for their home in any event.

The county sheriff of my home county put out a missive to all the folks in the county saying, if you are going to vacation, you should consider locking your home. And a good many people in my hometown said that was a real problem because they didn't have locks. Then he said something very radical. He said: When you park your vehicle on the main street in Hettinger County, you should consider taking the keys out of the vehicle. A couple of ranchers observed to the county newspaper that they wondered what if peo-

ple needed to use their pickup trucks. That happens in rural America. That is a rural culture. That is something that is important. That comes from family farms dotting the landscape, providing the economic blood vessels by which small towns survive and thrive.

In this country all too often family farmers are hanging on by their fingertips, struggling during tough times with collapsed commodity prices. Small towns are shrinking and dying all across this country.

I have a map that I haven't brought to the floor. I will bring it to the floor when I offer an amendment in a couple of days that shows the counties in this country that have lost 10 percent of their population in the last 25 years. It is blocked out in red. It is a big egg-shaped area from North Dakota down to Texas. We are depopulating rural America. The middle part of America is losing its population, a century after we homesteaded rural America, a century after we told people: You go out and if you take 160 acres of land and improve that land and build a farm, we will give you the 160 acres. That was under the Homestead Act. That is how people went to the Dakotas at that time. That is how my great-grandmother went there with four kids after her husband had a heart attack. She went to Hettinger County, ND, and pitched a tent, built a home, and created a farm, and the Government gave her 160 acres of land under the Homestead Act. That is the way we populated rural America.

Now that county, as virtually every other county in America, is shrinking like a prune because farmers can't make a living when prices collapse and prices have gone down and down and stayed down.

Now the question is, Does this Congress care? Does this country care? Are we going to, in public policy, decide that family farmers matter, that we want our food produced with a broad network of food producers, families living out there with the yard light shining on a yard and contributing to a culture of the type I have just described that is something unique and wonderful in this country or are we going to take the position that some take that the family farm is similar to the little old diner that got left behind when the interstate came through and we have fond memories of it—but so long.

I hope this Congress decides that family farmers matter to this country. The space between New York and Los Angeles is not just air time. It is a lot of good country. When you get to the middle of America, you find a lot of good people. They struggle to produce crops against all the odds.

Some say: Why do you need something special for farmers? Farmers are no different than the hardware store in town. But farmers are very different. A farmer borrows money to put a seed in the ground in the spring, borrows money to fuel the tractor to put that seed in the ground, and then fertilizes

that seed and hope it grows. If it grows, it is good luck, that crop. If it grows, it is good luck for the farmer. But it might get eaten by insects, it might be destroyed by hail, disease, all number of elements over which farmers have no control can affect that crop. And perhaps if the farmer is lucky enough to take that crop off in the fall and haul it to an elevator, in a world in which nearly half the people are hungry, the grain trade now tells that farmer the food you struggled to raise has no value.

Think of that. In a world in which 500 million people go to bed with a severe ache in their belly every night because it hurts to be hungry and in a world in which half the people don't have enough to eat, our farmers are told their food has no value. It somehow is not a national asset. There is something fundamentally bankrupt about that kind of thought.

My point on this amendment and on this bill is this: Are we going to keep skipping around here, just sort of doing enough to avoid the charge that we are not doing anything or is this Congress going to decide that one of its priorities is to do something to help family farmers so we have family farmers in our future? Does agriculture or family farming matter? We will see.

We know what matters to some. We know to some the only thing that matters is a \$1.6 trillion tax cut. I am for tax cuts. It is not exactly political heavy lifting to be for tax cuts. That is zero gravity in politics. You want to go out and say you are for tax cuts. That is not exactly heavy lifting. I am for tax cuts. I am not for \$1.6 trillion. I am not for taking money out of the Medicare trust fund in order to do it. I am not for tax cuts at the expense of education or family farming. I am not for tax cuts at the expense of paying down the debt. I am for tax cuts that make sense for our country, that allow us also to pay down the Federal debt, to improve our schools, to help our farmers, and to do the other things we need to do in this country to make this a good place in which to live.

This is all about priorities and balance. We are going to have a couple of amendments offered on the issue of funding agriculture. One is going to be short. The other, shorter than I would like, will address this issue in a much more robust way. We can choose what is our priority.

Look in the rear-view mirror a few years and dig out the debate in the CONGRESSIONAL RECORD that preceded the most recent debate on Freedom to Farm. See who said what. Those who said they were friends of family farmers said we were headed towards nirvana; I see a day in the golden sunset in which farmers will no longer be dependent on the Government and we will have robust, aggressive, decent prices for family farm products all across the country; farmers will be able to make a good living.

They said that when wheat was \$5.50 a bushel. And they put in place a farm

program that said: We have a new theory. Our theory is, we don't need countercyclical help for farmers. When we have a price valley, let farmers fall into the valley. We don't need a bridge across that price valley.

So Congress passed that legislation. I didn't vote for it. Congress passed that legislation. The price of wheat collapsed, from \$5 right off the table. It just flat collapsed.

Every single year since that time, the so-called Freedom to Farm bill has been demonstrated a failure. It doesn't work. We are going to transition for 7 years with transition payments or so-called AMTA payments out of any kind of support for family farmers. That never made sense. If a country says family farming doesn't matter, then that is the route to take. But I expect most in this country believe family farming matters a great deal. Certainly most in this Chamber profess they believe that.

If that is the case, let us finally put together a farm program that works. Let's stop shadowboxing. This is all political shadowboxing. Let's decide this is a priority. And on this day and in this way, we will put together a program that works, something that says to family farmers: You matter, too. You are part of our future. We care about family farming.

I am not going to be apologetic for saying this is important to my State and to our region of the country. This is important to our entire Nation.

As I indicated when I began, Europe has already made this decision, and good for them. This country ought to as well. Europe long ago decided they were hungry once and they will not be again.

How do you make certain you are not hungry? You make certain you have a network of food producers dotting the land, family farms producing America's food—in this case, producing Europe's food. You decide you are going to pay people who work hard on family farms a decent return on that which they produce.

As I said earlier, it is inconceivable to me that which we produce in such great abundance and that which the world needs so desperately—food, coming from our family farms—is deemed to have so little value by the grain trade.

Part of this is an issue some of us will work on together as well, and that is all the monopolies in every direction farmers face. Do you want to put your grain on a railroad? Guess what. The railroads are in monopoly or near monopoly. They are very few. They will tell you where you are going to be and what they are going to charge.

Do you want to sell your grain? It does not matter what kind of milling you are talking about selling it into. The top three or four firms are going to control almost all of them.

Do you have some animals you want to sell—fat steers or hogs? Sell them into the production cycle, and guess

what. Two, three, or four firms are going to control 70 or 80 percent of all of the processing.

In every direction farmers face monopolies. They have their fist around the neck of the marketing bottle in a way that chokes family farmers every single way. We need to do something about that. It is time for this country to stand up for some antitrust enforcement and bust some trusts and break some monopolies.

Today we are talking about the priorities. With this budget, what are we committing to decide we are going to have a nation of family farmers in our future? I hope we will make the decision to do enough.

The amendment offered by my colleague from Iowa is short. It is not enough. It does not meet the needs. In any case, it comes from, in large part, the so-called contingency fund. David Copperfield is on television with his special, talking about illusions. He has his match in this Chamber with respect to illusions. We have been hearing about this mythical contingency fund for hours and hours, and we will hear about it all week. It is an illusion.

To the extent any part of it is real, a significant part comes from the Medicare trust fund which was supposed to have been in a lockbox. So now we are talking about Houdini, not David Copperfield, because somebody opened the lockbox and put it in the so-called contingency fund.

We can do a lot better than that. Let us decide this is a priority, that family farmers matter, that family farmers are a priority for this country, and fund it the way it should be funded. We should reject the amendment offered by the Senator from Iowa and accept the amendment to be offered by my colleague from South Dakota and my colleague from North Dakota tonight or tomorrow morning.

The PRESIDING OFFICER (Mr. CHAFEE). The Senator from North Dakota.

Mr. CONRAD. Mr. President, this is a place where we have some fundamental agreement and yet some disagreement on how to accomplish the goal.

We face a crisis in American agriculture. It is deep, it is abiding, and it is devastating.

Let me put up a chart that shows what USDA tells us will happen to net farm income in the period from 2000 to 2002, the last 2 years on this chart. One can see that net farm income is going to plunge unless we take action.

Senator GRASSLEY is to be commended for taking action by offering his amendment. I disagree with some of the specifics, but I commend him for standing up for American agriculture at a time of extreme need.

The next chart shows what our major competitors are doing in comparison to what we are doing to support our producers.

The European Union, our biggest competitors in world agriculture, is providing \$313 an acre of support per

year to their producers. By comparison, we are providing \$38 an acre for our producers. Europe is doing nearly 10 to 1 over and above what we are doing—nearly 10 to 1. Those are the very difficult circumstances our farmers face.

We are telling our farmers: You go out there and compete against the French farmer and the German farmer, and while you are at it, take on the French Government and the German Government as well.

That is not a fair fight.

That is just the first part of the equation. Let us go to export assistance. This chart shows that the European Union is flooding the world with agricultural export subsidies. The blue part of this chart is the European share of world agricultural export assistance. One can see the Europeans account for 83.5 percent of all the world's agricultural export subsidies. The U.S. share is that little red piece of the pie, 2.7 percent.

The Europeans are outgunning us on export assistance 30 to 1—10 to 1 on domestic support, internal support, and 30 to 1 on export assistance. We wonder why American agriculture is in trouble. We worry why Europe is gaining world market share. It is very clear if one does an analysis of why that is occurring. It is because they are providing much greater assistance to their producers than we are to ours.

Let us go to the next chart. Here is the history from 1991 to the year 2000. The green line is the prices farmers pay for inputs. That line goes up, up, and away. The red line is the prices farmers have received.

One can see that the peak of what farmers received was in 1996, right before we enacted the last farm bill. Since then, prices farmers have received have gone down, almost straight down.

The gap between the prices farmers pay and the prices on what they sell is growing, is dramatic, and is devastating. That is what has led to the crisis in American agriculture. That is what requires a response. That is why the Senator from Iowa is proposing this amendment. That is why we will propose an alternative that we think is superior, that is better, that has more funding because, very frankly, what the Senator from Iowa has offered is inadequate: \$63.5 billion over 11 years will not come close to matching what the Europeans are doing. It will not come close.

Our amendment provides \$97 billion over that 11-year period. We fund it in the first year, in the current budget year, out of the surplus and in the succeeding years out of the President's proposed tax cut. We would reduce the size of his tax cut slightly to provide additional support to agriculture.

Why don't we adopt the proposal of Senator GRASSLEY? Very simply because once again the proposal he is offering goes right into the Medicare trust fund to provide support for agriculture.

This next chart shows year by year. This is the problem I addressed on prescription drugs. It repeats itself. These are the year-by-year numbers in the Republican budget. In the year 2005, they only have \$7 billion available without going into the Medicare trust fund. The next year they only have \$12 billion available.

Senator GRASSLEY's proposal spends \$9 billion in the year 2005 for this package. He is going into the Medicare trust fund to provide the resources for agriculture. We say, no. We want to provide the resources for agriculture. We have an amendment at the desk to do it. We provide 50 percent more so we can come close to matching our major competitors, the Europeans. We say, no, we are not going to tap the Medicare trust fund to do it. We are not going to tap the Social Security trust fund or the Medicare trust fund for any other purpose, we don't care how laudatory. We think it is wrong.

If any company in America tried to tap the retirement funds of their employees or the health care trust funds of their employees, they would be headed to a Federal institution, but it would not be the U.S. Congress. They would be headed to a Federal institution. They would be headed for a stretch. It is illegal. You can't raid the trust funds if you run a company. You can't raid the retirement funds of your employees. You can't raid the health care trust funds of your employees, and we shouldn't either. We have stopped this practice the last 3 years and we shouldn't take it back up. We ought to draw a bright line and say no raiding of the Social Security trust fund, no raiding of the Medicare trust fund, not in any year.

That is why we have a different proposal. Our proposal says very clearly, yes, additional assistance to agriculture and substantially more than is in the Grassley plan. We have \$97 billion over 11 years; he has \$64 billion over 11 years. I think the more important difference is we will not raid the Medicare trust fund to do it. In the first year, this current fiscal year, we take it out of the \$96 billion of nontrust fund surplus that is available, and in the succeeding years, we take it by reducing slightly the President's proposed tax cut.

AMENDMENT NO. 176

(Purpoe: To provide emergency assistance to producers of agricultural commodities in fiscal year 2001, and additional funds for farm and conservation programs during fiscal years 2002 through 2011)

Mr. CONRAD. Mr. President, I call up the Johnson amendment.

The PRESIDING OFFICER. The Grassley amendment is laid aside.

The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from North Dakota [Mr. CONRAD], for Mr. JOHNSON, for himself, Mr. DASCHLE, Mr. HARKIN, Mr. DORGAN, and Mrs. LINCOLN, proposes an amendment numbered 176.

Mr. CONRAD. Mr. President, I ask unanimous consent reading of the amendment be dispensed.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. CONRAD. I ask unanimous consent Senator JOHNSON be shown as the prime sponsor, that I be shown as a cosponsor, along with Senators DASCHLE, HARKIN, DORGAN, and LINCOLN.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CONRAD. I yield the floor.

Mr. DOMENICI. Mr. President, I don't have anything further to say. I will have a chance tomorrow to speak again. I think we have a unanimous consent agreement that takes over.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. DOMENICI. Mr. President, I ask unanimous consent there now be a period of morning business with Senators permitted to speak up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE CRISIS IN CHINESE-AMERICAN RELATIONS ON HAINAN ISLAND

Mr. AKAKA. Mr. President, the only way to resolve the current crisis in American-Chinese relations is the prompt and safe return of the 24 American airmen now being detained by the Chinese military on Hainan Island and by the swift return of the U.S. Navy's plane. Only after their return can we begin to discuss other issues with China over this and other incidents affecting our relations.

I am deeply disturbed by the delay in allowing American embassy personnel to meet with our service personnel, and I am concerned about press reports that they are being detained in separate areas. I understand our bilateral consular agreement requires the Chinese to provide full access to American citizens within four days but nothing precludes them from giving such access sooner. Indeed our consular agreement with China requires consular access to all American citizens within 48 hours of receipt of official notification of their detention. As Chinese officials issued statements concerning their detention on April 1, China may already be in violation of its consular agreement with us. The fact that American consular officials are already present on Hainan Island and the extraordinary circumstances surrounding our plane's emergency landing on Hainan provide the Chinese authorities with an opportunity to demonstrate their good will.